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NEWS SUMMARY

GENERAL

Thorpe denies Scott affair

Jeremy Thorpe emphatically denied the allegations that have been made against him at Minehead court when a statement he made to the police in June was read out.

Mr. Thorpe's statement says that he never had a homosexual relationship with Norman Scott; that he did not take part in an alleged conspiracy to kill Scott; and that he had never knowingly been a party to the payment of money, either directly or indirectly, to Andrew Newton, the alleged "hit man."

The statement describes Scott as "suicidal" and "unbalanced" and Mr. Thorpe saw the help he gave Scott "as my duty." Mr. Thorpe said his actions towards Scott were based on compassion and kindness which in due course Scott "repaid with malevolence and resentment."

Pay debate called off

Michael Foot, Leader of the House, was forced to call off the pay sanctions debate after rowdy scenes at Left-wing Labour MPs used delaying tactics. Mr. Foot will make a statement today and the debate is likely to be held next week. Page 12

Carter warning

President Carter warned that it would be a serious mistake for Egypt and Israel to fail to sign a peace treaty within ten days. The Camp David accords set [illegible] and President Carter feels that letting the date pass would suggest that time limits did not matter. Back Page; Israel withdraws Sinai troops, Page 6; Editorial Comment, Page 22

Botha adamant

Premier Pieter Botha told the South African Parliament that nearly half the secret projects run by the Information Ministry including the financing of an allegedly independent newspaper, would be scrapped. But he insisted that others would continue in spite of criticisms. Page 6

Rhodesia talks

Cledwyn Hughes and Stephen Low, the UK and U.S. envoys seeking to arrange all-party talks on Rhodesia, met Botswana President Khama in Gaborone. A Botswana official said the talks were "very useful."

Times move

Times Newspapers has invited leaders of the National Graphical Association to talks "without preconditions" this weekend in an effort to resolve the industrial relations crisis which led to publication being suspended last Thursday. Page 11

Bread talks halt

Talks aimed at ending the five-week bread strike were adjourned last night after 14 hours of talks spread over two days. Page 11

Silkin hopeful

Fisheries Minister John Silkin said in Brussels that he was still hopeful of reaching agreement with the rest of the EEC in spite of the collapse of fishing policy talks. Back Page

Briefly . . .

Spanish voted 87 per cent in favour of the new democratic constitution, though one in three people abstained. Page 3

Defence Ministry expects to raise at least £1m in scrap value on the carrier Ark Royal.

Former legionnaire was jailed for life in Corsica for killing two shepherds.

Brazilian soccer player Roberto Rivelino, now in Saudi Arabia, has been barred from playing there until the balance of a $200,000 transfer fee is paid.

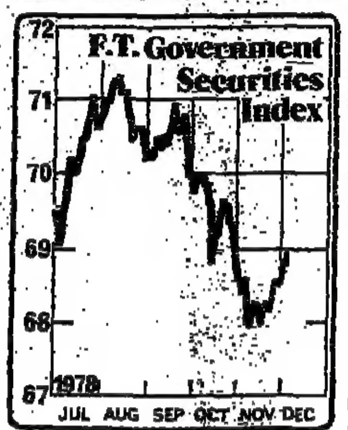
Crewman died when an RAF Canberra crashed near its base at Siggiewi, Malta.

BUSINESS

Equities lose 0.3; gold up $2¼

● EQUITIES lost early gains because of the disappointing first-half profits figures of GEC. The FT Ordinary Industrial Index closed 0.3 down at 491.5, after having touched 496.3 at one stage.

● GILTS traded sparsely on a mixed trend. The Government Securities Index was up 0.16 at 68.99.



● STERLING remained unchanged for the second day at $1.9515, its trade-weighted index also staying at 62.7. The dollar was little changed at DM 1.9160 (DM 1.9170), and its depreciation narrowed to 8.4 per cent (8.5 per cent).

● GOLD rose $2¼ in London to $198¼.

● WALL STREET closed 4.59 down at 817.31 near the close.

● BRITISH SHIPBUILDERS is [illegible] which of its yards should be closed in the next two years, but has ruled out the complete closure of any of its main companies, according to the latest draft corporate plan. Back and Page 9

● COMPANY LIQUIDITY fell sharply in the third quarter of this year after rising steadily since mid-1977, according to a Government survey of 230 leading companies. Back Page

● CITY TAKEOVER Panel has made a series of amendments to its takeover code, including eliminating one of the way of obtaining control of a company without a full takeover bid. Back Page.

● MORTGAGE DEMANDS, now running at £8bn a year, will double in the next five years and building societies will have to maintain their present growth rate, says Provincial Building Society head. Page 9

● A NEW five-year corporate plan has been approved by the Government for Short Brothers, which will enable the Belfast company to continue producing aircraft, aero structures and guided weapons. Page 12

● NATIONAL Committee on Computer Networks has called for some relaxation of the Post Office's monopoly and greater Government investment in networks carrying computer-produced information. Page 9

● HOME MARKET for machine tools is strengthening, with new orders in June-August period up 3 per cent on the previous quarter and orders on hand up 6 per cent. On a 12-month comparison, orders rose 28 per cent. Page 8

COMPANIES

● GEC pre-tax profits rose from £144.8m to £162.9m in the six months to September 30. External sales improved from £1.10n to £1.18bn. Page 24 and Lex

● BRITISH SUGAR Corporation pre-tax profits rose 25 per cent to a record £25.5m (£20.5m) for the year to September 24. Sales totalled £304.22m (£267.27m). Page 24

● J. LYONS AND CO., the food and catering group due to be merged with Allied Breweries, increased pre-tax profits from £6.4m to £9m for the 24 weeks to September 15. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
AB Electronic	160	+ 7
Baggeridge Brick	36	+ 3
Bambers	155	+ 5
Beecham	632	+ 10
Berkeley Hambro	150	+ 4
Blockleys	69	+ 5
Brent Walker	53	+ 4
Burnett & H'shire	200	+ 10
Burton "A"	176	+ 5
ERF	140	+ 10
GUS "A"	314	+ 4
Hanson Trust	141	+ 4
Highland Dist.	168	+ 6
Ladbroke	183	+ 5
Lynton Prop.	128	+ 8
Marshall's Universal	160	+ 12
News Intl.	278	+ 6
Reckitt & Colman	485	+ 11
Saga Holidays	171	+ 5
Samuelson Film	100	+ 11
Stanley (A. G.)	176	+ 4
Stonehill	125	+ 5
Trust Houses Forte	258	+ 7
Vaux Breweries	128	+ 7
Wood (S. W.)	50	+ 4
De Beers Defd.	352	+ 6
Vaal Reefs	£11½	+ ½
Western Deep	714	+ 30
FALLS:		
Armitage Shanks	75½	− 3
Barrow Hepburn	35	− 4
GEC	332	− 8
May & Hassell	77	− 4
Shell Transport	587	− 8
Anglo United	184	− 6

Meeting next month likely to discuss currency developments

Giscard invites three Western leaders to Caribbean summit

BY ROBERT MAUTHNER, PARIS, Dec. 7

President Valery Giscard d'Estaing of France has invited President Jimmy Carter, West German Chancellor Helmut Schmidt, and Mr. James Callaghan to a summit meeting on the French Caribbean island of Guadeloupe on January 5 and 6, it was announced in Paris tonight.

The invitation, which a French presidential spokesman said had been accepted by the U.S., West Germany and Britain, came as a complete surprise, and was seen as yet another step in the French President's campaign to establish himself as one of the wrold's leading statesmen.

Unlike recent Western summits, the Guadeloupe meeting will not be devoted essentially to economic problems, though there is every reason to suppose that they will be discussd, particularly following the setting-up of the European Monetary System. A communique published here merely said that "political questions and international developments of particular interest to the participants' mutual relations" would make up the agenda of the talks.

M Pierre Hunt, President Giscard's spokesman, said that the meeting would be informal to enable the four leaders "to talk freely about the international situation in general, and to express their views in a climate of confidence and friendship". The four statesmen would be accompanied only by their wives and one Government aide each. No communique would be issued after the meeting.

The U.S. Embassy said tonight that President Carter would be accompanied by Mr. Zbigniew Brezezinski, his national security adviser.

Among the main issues likely to be discussed are the Strategic Arms Limitation Talks between the U.S. and the Soviet Union, disarmament, East-West relations in general, the political situation in the Middle East and Africa, developments in Europe, and the domestic situations of the four participating countries.

President Giscard clearly prefers informal summit gatherings with no fixed agenda to the more formal meetings like last July's Western economic summit in Bonn. With no obligation to publish any communiques, the French President feels that more can be achieved sometimes by a relaxed and frank exchange of views than if each participant is tied to a national negotiating position.

As far as M. Giscard is concerned, his meeting with former U.S. President Gerald Ford on the neighbouring French island of Martinique in December, 1974, created a successful precedent for next month's Guadeloupe summit. It was on that occasion that the two leaders managed to inaugurate a new era of friendly Franco-U.S. relations, after many years of diplomatic conflict.

Three main reasons probably lie behind the French President's initiative. One of them is certainly the purely national one of giving France a world role at a time when President Giscard is coming under increasing attack from the Gaullists, who have the largest numbers in the ruling Centre-Right coalition, for neglecting France's international role.

The second is that discussions between the U.S. and the three most important European countries about problems such as SALT, gives the latter at least an opportunity of influencing U.S. policy in areas from which

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Schmidt says EEC future is threatened

BY GUY DE JONQUIERES BRUSSELS, Dec. 7.

HERR SCHMIDT, West German Chancellor, warned this evening that the Common Market would disintegrate within a few years unless European countries succeeded in reducing their inflation rates and stabilising their currencies.

In a vigorous defence of the proposed European Monetary System, he said that the pursuit of monetary stability imposed on national authorities essential disciplines, which had been widely neglected since the collapse of the Bretton Woods fixed exchange rate system several years ago.

Herr Schmidt told a Brussels conference of UNICE, the European employers organisation, that he sympathised with the difficulties faced by Britain, Italy and Ireland in deciding whether to join EMS.

They must be given the necessary time to make up their minds. "But not too much time, because floating rates harbour the danger that the common market will degenerate. Five more years of monetary upheaval in the Common Market will lead us to a situation in which we are dealing with fictions, not realities."

Noting that the EMS had been assailed by German bankers as well as by British observers, Herr Schmidt argued that these criticisms cancelled each other out. German bankers claimed that it would be inflationary, while Britain maintained that it would be deflationary.

The German Chancellor also complained strongly about the operation of the agricultural policy, and added that he had been impressed by criticism of its shortcomings made earlier this week in Brussels by both Mr. James Callaghan, and President Giscard d'Estaing of France.

He was personally angered every time that he learned that EEC butter was being sold to the Soviet Union at heavily subsidised prices. "I had never realised that the Soviet Union was a developing country which needed subsidies."

But beyond repeating his well known objections to CAP surpluses, Herr Schmidt gave no sign that he was any more prepared than in the past to press energentically for a reform of the system.

Goodyear to axe 1,000 jobs after loss

By Kenneth Gooding, Motor Industry Correspondent

GOODYEAR, THE UK subsidiary of the world's largest tyre manufacturer, told the unions yesterday that losses in 1978 would reach £18m and that more than 1,000 jobs must go.

The brunt will be taken at the group's headquarters in Wolverhampton, where 400 have been given immediate notice and between 900 and 1,000 will lose their jobs over the next 15 months out of 5,000 currently employed.

Goodyear said "similar manpower savings" would be made at the Glasgow tyre plant and the general rubber products factory in Craigavon, Northern Ireland, where 700 and 1,800, espectively, are employed. The distribution and retail businesses will also be affected.

Changes

The company lost £605,000 before tax in 1977 against profits of £611,000 the previous year on a turnover up from £159m to £187m.

Changes this year instituted by the new American chairman and managing director, Mr. Westi Hansen, involved 400 jobs lost at Wolverhampton and 150 in Glasgow. Another 100 jobs went with the closure of remould factorties at Boston Spa and Barnsley. Six warehouses and seven Tyreservices shops were also closed.

Goodyear said yesterday that a combination of circumstances had reduced the demand for UK tyres by about 4m over the past two or three years.

Imports of foreign vehicles were increasing; many tyres for the replacement market were imported, particularly from Eastern Europe and the Far East; and tyres were lasting twice as long. Exports of tyres have also declined.

Decision

Other UK tyre manufacturers are also suffering. Dunlop is close to a decision about its future production and marketing strategies, which will almost certainly involve the closure of its plant at Speke, where 2,400 are employed.

Firestone UK, which is involved in a similar exercise, has approached the Department of Industry for financial help for its plants at Brentford, where 1,800 are employed, and Wrexham, where 600 work.

£ in New York

–	Dec. 6	Previous
Spot	[illegible]	[illegible]
1 month	[illegible] dis	[illegible] dis
3 months	[illegible] dis	[illegible] dis
12 months	[illegible] dis	[illegible] dis

Government raises NEB loan limit to £4.5bn

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has decided to quadruple the amount of money that can be borrowed by the National Enterprise Board and its regional counterparts to an unexpectedly high total of about £6bn.

This emerged yesterday when the Government surprised its followers and angered critics of its industrial policies by publishing a Bill in Parliament to raise the borrowing limit of the Board from £1bn to a total of £4.5bn, with an intermediate stage of £3bn.

The Bill also raises the limit for the Scottish Development Agency to £800m and the Welsh Development Agency to £400m. It will be followed by further legislation today to increase the limit of the Northern Ireland Agency.

Launching the legislation, Mr. Eric Varley, Industry Secretary, said that the National Enterprise Board was an "indispensible part of Britain's industrial scene" and was a "holding company of major proportions."

He added that the money was needed because the present £1bn limit would have been reached by the middle of next year. The new limits had been set to cater for the next five years and also included a change in accounting arrangements increasing by £1.5bn the amount of private sector borrowing which has to be included in the limits.

Because of the way the Board's figures have been arranged, they can be presented by the Government as a £3.5bn sop to its Left wing and to the TUC which wanted a major extension of the funds.

But they can also be presented to critics of the Board as only a more limited increase of £2bn, if the private sector borrowings are taken into account.

The Government can also placate its critics by pointing out that the Bill deals only with statutory limits and that the actual amount of public funds allocated to the Board to spend is laid down in the annual Public Expenditure White Paper. The present figure is £275m a year, but it is likely to be increased next year.

However, Sir Leslie Murphy, chairman of the Board, has often said that he does not need large increases in his funding and last night refused to comment on the top limits chosen by the Government. He said he had asked for an increase but that the final figures were a matter only for Ministers and Parliament.

The Government and the Board were also stressing last night that increases in the limits would not change the Board's operation—nor would they mean that

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Britain's borrowing facility doubled

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN is to be allowed to draw up to £1.6bzn in conditional medium-term financial assistance from its EEC partners—twice the present limit.

This is implied by this week's decision by EEC heads of government in Brussels to extend the Community's credit mechanisms as part of the creation of the European Monetary System.

Although the UK is not linking sterling with other EEC currencies, it is participating in the medium-term financial assistance. This is intended to provide finance for countries with balance of payments problems rather than to support day-to-day intervention in foreign exchange markets.

The doubling of credit facilities gives the UK an additional source of finance, apart from the International Monetary Fund, if it again faces balance of payments difficulties as in 1967-68 or in 1976.

Britain did not draw on the EEC facilities during the 1976 crisis and so far the only country to do so has been Italy, which approached both the EEC and the IMF in 1976. The EEC's medium-term credits last for between two and five years.

The increase in facilities means not only a doubling in what the UK can draw but also in its notional creditor obligations to the rest of the EEC.

Britain will have to decide within the next few weeks whether to deposit 20 per cent of its gold and dollar reserves against an initial supply of the new European Currency Units.

The decision will depend both on the resolution of a number of remaining technical difficulties and on the balance of attractions in using Community currencies to help maintain the stability of sterling.

The Government will today publish a White Paper setting out the decisions of the summit, with a short explanation of references to the UK's position.

Why gilt-edged brokers smile, Page 29

Kirkby takeover falls through

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT HOPES of solving the problems of the Kirby Manufacturing and Engineering workers' co-operative suffered a severe blow last night when Worcester Engineering refused to go ahead with a planned takeover.

Mr. Cecil Duckworth, Worcester's managing director, gave the news to the Department of Industry as Mr. Eric Varley, the Industry Secretary, was about to start a meeting with critics of his industrial policy on the Labour Party's national executive committee.

Mr. Duckworth said later: "I don't believe that KME is a willing seller and I don't believe we can overcome the sort of resistance we have been facing."

The withdrawal of Worcester after three weeks of detailed negotiations poses major problems for the Government, which is facing demands from its Left-wing — and from the workers' leaders — for a National Enterprise Board takeover.

Members of Labour's national executive last night cashed in on the Worcester withdrawal to press this solution on Mr. Varley and on the Minister in day-to-day charge of the matter, Mr. Alan Williams, Minister of State for Industry.

Worcester, a small central heating equipment manufacturer, emerged as favourite to take on thet co-operative after a Department of Industry working party had studied the matter last month. It rranged a £4m overdraft with Barclays Bank to match £4m Government funding needed to develop the co-operative's radiator production. It wanted to make 260 of the 720 workforce redundant.

The question of Stelrad, part of Metal Box, taking a 10 per cent stake in Worcester to underpin the operation had also been discussed. Stelrad was named in September as a possible outright bidder for the co-operative if it went into receivership.

Since it was set up by Mr. Anthony Wedgwood Benn when he was Industry Secretary four years ago, the co-operative has had £5.5m state aid and has suffered losses of £3.5m. Losses are now estimated to be running at £20,000 a week. Last month's working party said the co-operative needed £1.5m to £1.8m to sort out immediate cash problems.

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FEATURES

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EUROPEAN NEWS

EUROPEAN PARLIAMENT

Direct elections 'beauty contest' for the French

BY DAVID CURRY

DIRECT ELECTIONS to the European Parliament have become a subject of passionate interest to France's political class—for reasons which have a great deal to do with French politics and practically nothing to do with Europe.

For unlike general elections, which are decided on a first-past-the-post basis after two rounds of voting, the direct elections will be purely proportional, each political party presenting a single national list. This means that the four broad parties which emerged from last March's Parliamentary elections—the Gaullists, Giscardian UDF, Socialists and Communists—will undergo a simple test of popularity.

The man most looking forward to the elections is certainly President Giscard d'Estaing. For one thing, France becomes chairman of the Council of Ministers on January 1, and the creation of the new European Monetary System (provided it does not go wrong) and the direct elections will give him a splendid opportunity to hold the European centre-stage.

In addition, the fact that France takes over the management of the EEC in the run-up to the elections means that the President's own political coalition, the Union pour la Democratie Française, can expect to reap considerable propaganda bonuses.

Finally, the European issue catches the President's main unofficial adversaries, in the more nationalistic wing of the Gaullist party, on the hop. The UDF, at least, will go into the elections with a fairly unanimous idea of what sort of Europe it wants to see; the Gaullists are badly divided and will be fighting a European election with the reputation, fair or unfair, of being unEuropean if not anti-European.

The Giscardians, enthusiastic but unorganised, are hoping that in the elections they can outscore the Gaullists, organised but unenthusiastic, giving themselves a useful psychological fillip in the permanent battle for influence within the Gaullist-UDF coalition.

On the other side of the political fence, the Socialists stand to gain most from the elections. For they seem likely to emerge from the voting as the biggest popular party in France. *The Socialists' problems* will emerge after the elections. Their relations with the Social Democratic parties of northern France are traditionally poor, with German Chancellor Helmut Schmidt lumped together with his friend Valery Giscard d'Estaing as apologists for capitalism in the eyes of the more leftish.

But for the moment all is sweetness and light following a Euro-Socialist congress in Lille earlier this month (to which the British Labour Party despatched the mayor of Camden), and the Socialists are broadly agreed about their concept of a "Europe of the workers" within the framework of a confederal system.

The cloud on the horizon for the Socialists is the growing necessity to settle the leadership problem. M. Michel Rocard, originally a stern Socialist who has shifted to the centre and the clear intellectual pretender to the Mitterand throne, is clearly restless. Most commentators expect him to mount a challenge, if not to the leader directly, at least to the leader's ideology when the party meets in congress in April. A well-publicised *leadership quarrel just before the* elections would rather spoil the party's image as the inevitable future government of France.

If the Communists are excited about the elections they are keeping it a secret. The French party's credentials as "Euro-Communists" are recent and thin. Its relations with its brother party in Spain are appalling (like M. Chirac's Gaullists, it opposes Spanish and Portugese entry into the EEC) and those with the Italian party only just polite.

The really intriguing question surrounds the Gaullists. The Gaullists claim, in brief, that since they more or less invented Europe (a doubtful claim to paternity) their conception of a confederal system is the only valid expression of French sentiment. But, according to the extreme nationalistic wing led by M Michel Debré, the ex Prime Minister, this image of the Continent is being fatally betrayed, and the election of a Parliament by universal suffer-age is part of this betrayal.

The European Parliament, says M. Debré, is a "trap" for France because it will inevitably seek to encroach on French sovereignty, particularly her independent military posture, reflecting the interests and priorities of the American-German economic and military establishment.

At the other end of the Gaullist spectrum are the relatively pro-Giscardians like M. Jacques Chaban-Delmas, President Pompidou's prime minister, and M. Olivier Guichard, who cannot see what the tiresome M. Debré is making such a fuss about.

Caught in the middle is M. Jacques Chirac, who wishes the elections would simply go away. He was prime minister when the decision to hold elections was made and certainly does not share M. Debré's apocalyptic vision of their consequences, but must take account of the viewpoint M. Debré represents.

Two weeks ago he thought he had got round this rather nicely. A special Gaullist congress to discuss direct elections had decided to ask the President to seek a declaration from the EEC heads of government that they would not tolerate any increase in the powers of the Parliament. It was obvious that the President would do no such thing, affirming

Mr. Jacques Chirac

that it was not necessary as any revision of powers would require the consent of all member states. But, at least, the party could unite on the formula.

The very next day the cat got out of the bag in spectacular fashion. Herr Helmut Schmidt, Giscard's fellow-sage and the leader of a country whose economic system is the one towards which France, officially at least, aspires, remarked to journalists that it seemed likely that the European Parliament would eventually seek more extensive powers.

M. Debré exploded, followed shortly behind in megatonnage by M. Georges Marchais, the Communist leader, who believes firmly that being anti-German and, in particular, anti-Social Democrat, is good politics. The Foreign Ministry commented sourly on the German Chancellor's remarks, and President Giscard d'Estaing himself said he regretted his friend's comments.

With M. Francois Mitterrand, the Socialist leader, recommending "the Treaty of Rome, all the Treaty of Rome and nothing but the Treaty of Rome," M. Marchais talking about new evidence of a plot to submerge French sovereignty in German and American interests; and M. Chirac floundering badly during a visit to Ireland (the ruling Fianna Fail party are the Gaullist partners in the present EEC Parliament). Prime Minister Raymond Barre stepped into the dispute.

M. Barre knows his European onions. He was an EEC Com*missioner and, according to some* Elysée-watchers, the President wants M. Barre to declare the economy "cured" and leave the Matignon to lead the French delegation to the new European Parliament. He said that, in the last resort, any increase of the Parliament's powers would have to be settled by referendum. Since the referendum was one of the favourite weapons of Gen. de Gaulle, the Gaullists found themselves outmanoeuvred.

A few days later President Giscard d'Estaing said that it would require a change to the French constitution to add to the Assembly's powers — and that would entail a referendum on a text agreed by both houses of Parliament.

The problem of parliamentary powers will rumble on; the question of the constitution of lists of candidates is becoming an endless subject of amusement for commentators.

The President and Prime Minister have said they would like to see a united Gaullist-Giscardian list of 81 candidates for the election. The Gaullists, who say that their vision of Europe is fundamentally different from that of the Giscardians, seem certain to turn the idea down.

The President has said he favours the dual mandate in both national and European assemblies. The Gaullists say they will not allow members to serve in both.

The situation is complicated by the President's determination to introduce legislation limiting to two the number of elective offices one man may hold. This means that the men who are local mayors, MPs and ministers are not going to be able to add Euro-scalps to their belt. It also means, incidentally, that it will be harder for French Euro-MPs to enjoy independent power-bases in France.

The real battle is for the top 20 spots on each list, assuming the four parties split the vote relatively evenly.

It is important for Giscard that his party should do well in the elections. His image as a European statesman would look hollow if his own party were outdistanced at the polls by a party which disputed the whole wisdom of direct elections, reaffirming the narrow nationalism with which France's partners often reproach her. If he comes well out of the elections, even if the Socialists are the biggest winners, not only will he have greater credibility as one of the guiding spirits of European development but, and this is the crux of the matter, he politics he stands for at home will have received, a significant endorsement.

FINANCIAL TIMES NORDIC BANKING CONFERENCE

Maritime industries urged to co-operate

By William Dullforce

OSLO, Dec. 7.

NORDIC AND British governments must co-operate at the highest possible level with their maritime industries, if their skills and experience are not to be drained away by the present shipping crisis, **Mr. Otto Nordland**, executive director of Hambros Bank, told the FT conference on Nordic banking and finance here today. He emphasised that he was not talking about State subsidies but about "a coming together of the maritime industry, its creditors and the government to evolve imaginative solutions"

The major growth in sea transportation in the next two decades would be in the Far East, where entrepreneurs were already rapidly building up fleets by buying from the old maritime nations second-hand vessels and new ships built with State subsidies.

Ship owners feared that the "scrap and build" policy proposed by the International Maritime Industry Forum would be used by governments to justify further subsidised building of ships and thus aggravate the shipping surplus. But when *demand revived and shipbuilding* capacity was concentrated on the Far East the European shipowners would be facing a foreign shipbuilders market.

Shipowners and shipbuilders should recognise that their interests were fundamentally identical. Governments should not hesitate to cut shipbuilding capacity. But European shipowners should not seek the total eradication of shipbuilding in their countries. Shipping and shipbuilding policies should be co-ordinated through international organisations.

Mr. Leif Joergensen, director of finance in DFDS, the Danish shipping group, explained how his company had succeeded in cutting costs and returning to profit by operating each ship as a self-contained economic unit. The ship's captain had become "the manager of a floating subsidiary" while the shore organisation had been divided into profit and service centres.

In the opening address Norway's Finance Minister, Mr. Per Kleppe, outlined his country's economic strategy for 1979. The aim was to restore the competitive position of Norwegian industry. An income and price freeze had already been imposed and the target was to limit the rise in prices to 4 per cent in 1979.

A tight monetary policy would be continued next year but a limit would be placed on the growth of the State banks to provide a better balance with the private banks in the longer run. Borrowing abroad by the government, the State banks and the State oil company would continue but conditions would be created to allow more credit-worthy Norwegian companies to go on to the market.

Mr. John Forsyth, chief economist of Morgan Grenfell argued that governments were placing too much emphasis on balancing their current accounts and ignoring the importance of the capital account. The problem was a matter of imbalances among the real economies, which in turn meant imbalances in industrial capacities.

The Swiss banks recent intervention to limit the rise of the Swiss franc had not been motivated by current account considerations but by export problems and the country's surplus industrial capacity. The flow of capital in and out of reserves had *a minimal industrial effect but* the private flow of funds could have a much greater influence. Investment in the U.S. by West German companies represented a real shift of capacity.

The British Ambassador in Oslo, Mr. A. T. Lamb, reminded the conference that next to the U.S., Britain is the world's largest exporter of capital and gains one-third of its earnings from its invisible trade. The City of London was one of the world's major financial centres, whose expertise covered many areas in which even small Nordic companies and exporters could need help.

Pointing out that West Germany's trade with the Nordic countries was as large as that with the U.S. Dr. Eckart van Hooven, member of the board of management of Deutschebank, warned Nordic exporters that they had to offer competitive prices. The market losses suffered by Nordic companies in Germany in recent years had stemmed mostly from the differences in the inflation rates between Germany and the Nordic countries.

Mr. Jaakko Paronen, vice-president of Finnish Enso Gutzeit, said several years' hard work and a continuation of the current favourable market trend were needed in the paper industry to compensate for recent profitability losses. The acces of the north American paper companies torelatively cheap pulpwood and their high degree of productivity meant that the world paper trade would continue to be tied to the performance of the north American producers.

Deutsche Bank optimistic on W. German economy

BY JONATHAN CARR

BONN, Dec.

BANKERS tend to be cautious *men, not given to rash prophecy.* That rule emphatically applies to the executive board of the Deutsche Bank, West Germany's largest commercial bank, now concluding what it modestly terms a "satisfactory" business year.

Thus when board members make encouraging comments about the dollar and the European monetary system (EMS), and see a further upswing in the domestic economy and the bourse in 1979, it is worth taking more than usual interest. And that is what happened when the board held its traditional winter news conference in Dusseldorf this week.

The comments on currencies by Dr. Wilfried Guth, joint spokesman (in effect executive chairman) of the board, were heard with particular attention — not least because Dr. Guth has often been mentioned unofficially as a possible future Bundesbank president.

His view is that the latest steps to stabilise the dollar have impressed the market where others did not, particularly because of the American decision to take up the option of foreign-denominated loans, the first tranche of which is about to be issued here.

On that firm *basis*, there were signs that the interest rate differential between the U.S. and West Germany would now make *a greater impact*, encouraging a greater flow of funds towards the U.S. and helping finance the American balance of payments deficit by this means.

The increased confidence in *the dollar would be durable only* if the U.S. was successful in curbing inflation and reducing its trade deficit. But already there were *signs* that the deficit was being cut and that this process would continue in 1979.

Dr. Guth felt that the Deutsche Mark would play an increasing role as a reserve currency — whether the Bundesbank liked this or not. But he stressed that there was no substitute for the reserve role of the dollar within the foreseeable future. Even given the successful operation of the EMS.

In a nutshell, his message was that the stability of the dollar was the key to economic and monetary success elsewhere. And there was now a real chance—despite all the uncertainties — that this stability could be maintained.

On the EMS, Dr. Guth felt the wood was being lost for the trees. If the EMS turned out to be simply a technical currency arrangement, then it would collapse. But the aim was to encourage further stable economic growth and that in itself implied further cuts in the inflation rates of partner countries.

The operation of the "snake" had helped the battle against inflation of member countries and *the EMS would do the same.* The key question was whether necessary party changes could be made within the system *quickly* and without fuss.

Dr. Guth and other Board members strongly rejected the view that the EMS automatically implied an increase in German money supply and inflation. And *they implied* that the Bundesbank should set a money supply increase target for *1979* which emphasised this point (perhaps within a range of 6 to 9 per cent).

It was noted that this year's surge in the West German stock market had flagged in October, not least because of fears about rising prices and interest rates. But, the Deutsche Bank believed that these fears had pushed the positive aspects of the economy as it entered 1979 too much into the background.

These factors included hopes of an improvement in the profitability of enterprises next year and the *strength* of the Deutsche Mark which *helped keep* down imported inflation. Further, much capacity was still under-used so that conditions were not ripe for a domestic boom forcing up prices.

One Board member made clear he did not believe the economy had yet entered a period of self-sustaining growth—but he did not rule out this development for 1979 providing, among other things, sensible wage agreements were reached.

According to Deutsche Bank, stock market developments in 1979 may well be like those this year—and that is hardly bad news. Stock market prices have risen on average by 7 per cent—much more than the figure for the engineering, ceramics, glass, cement and mortgage bank sectors. More traditional sectors associated *with* an economic upswing are now awaiting their turn.

Portugal parties face crisis

BY JIMMY BURNS

LISBON, Dec. 7.

WHILE Sr. Carlos Mota Pinto's Government of independents *looks increasingly likely to sur*vive its first Parliamentary hurdle next week, two major Portguese political parties are attempting to polish their tarnished public image.

The two parties, the Socialists and the Christian Democrats (CDS), were partners in Government until last July. Since their split, the two have failed to heal their differences and now face a common critical situation: internal divisions, defections, and falling electoral support. At recent municipal elections in Evora, capital of the Alentejo, both parties suffered crushing *defeats.*

The CDS is holding its national congress this weekend in an attempt to settle what its leadership describes as a "crisis of identity." Dr. Diego Freitas do Amaral, the party leader, is expected to be re-elected unanimously, having first defied the CDS as a Centre-Right party. The party will thus reject the Centre-Left strategy which took it into an alliance with the Socialists last January.

Such a definition, theoretically at least, would bring it closer to a future alliance with the right of centre Social Democrat Party (*PSD*). Both parties already seem closer than ever before to *a "bloc of the civilised Right"* simply on their common opposition to the present Portuguese constitution, which they regard as "leftist."

The Socialists, meanwhile, have announced their national congress for next March, although already the party is undergoing important internal changes.

Two documents circulating within the Socialist Party indicate the seriousness of its crisis of identity.

The first is signed by a group of leading party members including Dr. Rui Vilar, the vice-*governor of the Bank of Portugal*, and Dr. Joao Soares Louro, the present chairman of the state-run television network. It was presented to party leader Dr. Mario Soares earlier this week.

The document expresses concern with the extreme positions adopted by the party leadership following Dr. Soares' stormy resignation from the Premiership in July, and the party's consequent confrontation with the presidency.

The second document attacks the recent creation of a Socialist trade union with the support of the PSD and the CDS. The document says this seriously weakens *worker power in Portugal.* The labour movement is currently controlled by the Communist Party.

The two documents reflect opposing tendencies within the Socialist Party each of which wants to have the leadership of the party by next March's Congress. The first would like to see the party adopting a more clearly defined social democratic image, which would involve dropping Marxism from the official party books as soon as possible. The second tendency wants to see the Socialist Party re-establishing *itself more clearly as the party of the Left,* a development which would not exclude a closer alliance with the Communists.

Both tendencies are reported to have come to a head at a crucial meeting of the party national executive earlier this week. The meeting was convened by Dr. Mario Soares in order to fix the party's position in next week's vote on the Government programme. It now looks as if a Socialist abstention rather than a "No" vote in Parliament will confirm that the social democrats within the party have won at least the first round.

Czechs set lower targets

By Paul Lendvai

VIENNA, Dec. 7.

THE CENTRAL Committee of the Czechoslovak Communist Party has decided to set reduced growth targets for next year.

National income is now set to rise by 4.3 per cent and industrial output by 4.5 per cent. The targets this year were 5 per cent in both cases.

The move suggests that at the end of the current five-year plan in 1980, certain key goals are unlikely to be met. The plan originally provided for an annual growth of 4.9 per cent, and of 5.9 per cent for industry. The central committee has now called for an export drive, *together with an import squeeze and maximum energy and fuel* savings.

Meanwhile, the top party body appears to be preparing a purge of its members under the guise of renewing party membership cards, the second time this has occurred since the country was invaded by the Russians in 1968. The last time the central committee of the party called for an exchange of cards was just before Christmas 1970 when 70,934 members were expelled and some 390,000 struck off for passivity.

Mr. Vasil Bilak, secretary of the central committee, has revealed that about 30 per cent, that is about 140,000 former members, also lost their jobs or were demoted at work. The Czech Communist Party numbers about 1.5m members and candidates. Between 1971 and 1978 a total of 450,000 candidates were recruited, according to figures released earlier this year by Dr. Gustav Husak, the party leader.

The new screening is unlikely to reach the dimensions of that in 1970 and the exchange of cards could also be used to get rid of "opportunists" and "irresponsible elements" who joined in the seventies. Whether the purge will be aimed at potential supporters of the Charter 77 civil rights group remains to be seen.

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Row over Menten grows

BY CHARLES BATCHELOR

AMSTERDAM, Dec. 7.

THE CONTROVERSY surrounding the release of the Dutch war crimes suspect Pieter Menten continued to grow with a denial by Mrs. Georgina Donker, the widow of Holland's Justice Minister in the early 1950s, that her husband had granted him immunity from prosecution.

Meanwhile, under pressure from MPs, Dr. Jacob de Ruiter, the present Justice Minister, released the findings of an inquiry carried out shortly after the war into alleged corruption among policemen. It revealed no links between the events and Mr. Menten, although Mr. Menten had claimed he had been pardoned in return for his silence about facts which might embarrass highly placed officials and politicians.

Evidence given by Mrs. D. M. Kortenhorst, the widow of Mr. Menten's lawyer in 1952, that her husband was told his client would not be prosecuted further, was one of the reasons the court gave for freeing Mr. Menten. Despite an appeal by Parliament, Mr. Kortenhorst's family has refused to give access to his archives.

The report of the illegal activities of policemen during and after the war was finally released yesterday after being kept secret for 28 years, although the names of the persons involved were deleted. It describes the actions of a number of junior officials, but fails to confirm persistent rumours that important people were involved.

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Giscard's European policy attacked by Gaullist leader

BY ROBERT MAUTHNER

PARIS, Dec. 7.

M. JACQUES CHIRAC, the Gaullist leader, last night launched a virulent attack on President Giscard d'Estaing's European policies and accused the President of allowing France to fall into foreign servitude and of neglecting its international role.

M. Chirac's onslaught was made in a letter from his hospital bed, where he is recovering from a recent car accident. The letter was read out at a meeting of the Gaullist Party's political council. It was one of his strongest criticisms of the President's foreign policies since M. Chirac resigned as Prime Minister in August, 1976, after a dispute with M. Giscard d'Estaing.

The attack came on the day that the Gaullists abandoned their opposition in the National Assembly to Government legislation providing for the harmonisation of France's VAT system with that of other Common Market members. Last week, the Gaullists had joined the Socialists and Communists in blocking the Bill, but they backed down today after the Government had accepted a number of relatively minor amendments.

The sudden switch of the Gaullist leader's tactics left many Gaullist members of Parliament bemused, and provoked the comment from one puzzled MP that "this morning we were asked to roll on our backs, and this evening we were called upon to storm the Bastille."

Apart from the frustrations for as dynamic and active a man as M. Chirac of being tied down to a hospital bed, the Gaullist leader clearly was angered by President Giscard's refusal to demand additional assurances from his EEC partners that the European Parliament's powers would not be increased after next June's elections.

To underline his determination not to allow the European Parliament to override the European Council's decisions, M. Giscard d'Estaing even prevented a compromise from being reached in Brussels on Italian and Irish participation in the European monetary system. It was the European Parliament which had passed an amendment that would have allowed the bigger transfer of resources from the Community's Regional Fund, which the Italians and Irish were demanding.

The President's very "Gaullist" gesture, however, apparently left M. Chirac cold for he stressed in his letter that France would not be able to withstand pressure from its partners to extend the European Parliament's powers.

Warning to Turkey on risk of recession

By Terry Dodsworth

PARIS, Dec. 7.

TURKEY MUST continue its present policy of restrictive financial measures while placing greater reliance on market forces within its economic planning.

These are among the main conclusions of an annual review of the country published by the Secretariat of the Organisation for Economic Co-operation and Development (OECD) which goes on to stress that Turkey faces the risk of a prolonged recession.

"The serious economic problems Turkey has been facing over the last two years—accelerating inflation and growing external deficit—were to a large extent the consequence of policy orientations that chose to accord higher priority to keeping up the momentum of the investment drive than to initiating the necessary policies to adjust the Turkish economy to changing world conditions," the report says.

The country's balance of payments deficit is expected to fall in 1978 to $2.6bn compared with $4bn in 1977, while the growth in gross national product is forecast to slow down to 2.7 per cent in 1978 against 4 per cent last year.

Broad encouragement is given in the survey to the stabilisation programme adopted at the beginning of 1978 and supported by the IMF. This has "imprinted a measure of discipline upon the economy not seen in Turkey for many years," says the OECD.

The main anxiety, however, remains the high level of inflation, which demands a continuance of restrictive policies in spite of the cost in terms of unemployment and the fall in capacity utilisation. In the short term an increase in foreign trade credits "is badly needed" to help mobilise some of this spare capacity.

In the longer term, the report concludes, it is essential to encourage growth and improve efficiency in industry. To this end, the review suggests that more emphasis should be placed on market forces and the encouragement of competition; that there should be new policies to encourage savings and the growth of a capital market; that the Government should increase its revenues to cover public expenditure; and that priority should be given to increasing exports and the encouragement of foreign investment to improve the level of management skill and technology in the country.

EUROPEAN MONETARY SYSTEM

Test for the Andreotti Government

BY PAUL BETTS

ROME, Dec. 7.

SIG. GIULIO ANDREOTTI, the *Italian Prime Minister*, started his consultations with the country's political forces to-day on the controversial issue of Italian entry into the European monetary system (EMS), which is assuming the character of a major test for the survival of the minority Christian Democrat Government.

Although the Prime Minister's decision to postpone a final decision on Italian membership until next week generally has been favourably accepted here, there is not the same consensus among the political parties on immediate Italian participation in the system.

Sig. Filippo Maria Pandolfi, the Treasury Minister, reiterated to the Italian Senate today the main reasons for the Government's hesitation over the EMS, including inadequate transfer of resources and reservations on certain aspects of the exchange rate mechanism of the system.

However the small but influential Republican Party warned today it would withdraw its support from the minority Government if Italy opted to stay out of the EMS. A vociferous faction of Sig. Andreotti's own ruling party is also putting pressure on the Government to join, although its stand appears to be dictated largely by domestic political motivations.

In particular, right of centre elements within the ruling party consider Sig. Andreotti's decision at the European council in Brussels was conditioned mainly by the opposition of the Communist Party to immediate Italian membership.

In recent weeks, the Communists have increasingly criticised the Andreotti administration, although they claim they do not favour precipitating a Government crisis. But the accumulation of political controversies and irritations against the Government are now viewed by many party leaders as a prelude to an inevitable crisis in the near future.

Meanwhile, there was further confirmation today of the current recovery in the country's industrial production. Figures released by the official statistics bureau, Istat, indicate a 9.9 per cent increase in industrial output in October over the same month last year. This is the fifth consecutive monthly increase in industrial output this year after a series of falls in the index since September 1977.

Norway postpones decision on currency plan

BY WILLIAM DULLFORCE

OSLO, Dec. 7.

THE NORWEGIAN Cabinet today postponed a decision on participation in the new European monetary system. The Finance Minister, Mr. Per Kleppe, said there were questions about British policy towards the EMS which Norway would like to have clarified. The Government was weighing the alternatives and a decision would be made next week.

The Cabinet's hesitation comes after three of the five members of the governing board of the Bank of Norway last night advised against participation in the EMS. The same three advocated Norway's withdrawal from the European currency snake in February, when the krone was devalued, but at that time they were overruled by the Government.

The three want Norway to follow the example of the Swedes, who withdrew from the snake in August 1977 and linked their currency to a trade-weighted basket of foreign currencies.

The Government has undertaken to inform the Storting (Parliament) of its intentions next Thursday and to allow a debate on the EMS on Monday, December 18. Two Opposition groups, the Centre Party and the left-Wing Socialists, today came out against EMS participation while other parties said they would wait to hear the Government' views.

The ruling Labour Party does not have an overall majority in the Storting but so far the Prime Minister, Mr. Odvar Nordli has insisted that Norway's EMS participation was an administrative matter for the Government.

However, there has been growing public discussion of the issue. In particular former leaders of the People's Movement against Common Market membership, which kept Norway out of the EEC in the 1972 referendum have objected to the way the premier is treating the EMS issue.

Mr. Kleppe said he was due to see the British Chancellor of the Exchequer, Mr. Denis Healey, next Wednesday, when he hoped to get clarification on the British position. A troubling question left open after the Brussels meeting of EEC Heads of Government this week concerned the U.S. dollar. Norway's dependence on the dollar was high.

Emminger sees chance of greater stability

BY DAVID MARSH

THE European Monetary System has a greater chance of stability than the "snake" which it is replacing now that European inflation rates and balance of payments positions are moving more into line, Dr. Otmar Emminger, president of the West German Bundesbank, said in London yesterday.

Exchange rate realignments, which have taken place in the "snake" every six months or so over the past two years, should now become the exception rather than the rule, he said.

Interviewed before giving a lecture on exchange rate policy at the London School of Economics, Dr. Emminger said there would be no change in the Deutsche Mark parity before the system started next year.

From the political point of view, it would have been better for all the EEC countries to join at once, he said. "But there is at least some likelihood that Italy and Ireland will join the EMS straight away." Participation by France, Italy and Britain—the EEC countries which, with Ireland, are not in the present snake—would not cause any immediate strains now that all three countries had their balance of payments in "good shape."

The Bundesbank realises that its increased intervention obligations under the EMS would make steady steering of the German money supply more difficult, Dr. Emminger said.

The central bank has already had to taken in massive inflows over the currency unrest of the last few months, with the central bank's foreign reserves rising by about DM 17bn since the end of June.

Dr. Emminger said the DM 2.5bn to 3bn U.S. Treasury bond issue to be launched in Germany next week would play an important role in soaking up some of the potentially destabilising inflows.

The U.S. Treasury issue forms part of the package of measures described by Dr. Emminger as "revolutionary"—which were announced on November 1 to protect the dollar.

W. German and U.S. aid policies attacked

BY DAVID WHITE

WEST GERMANY and the U.S. came under fire today from MPs of several European countries for not increasing the proportion of their national product given in development aid.

At the meeting of OECD countries and parliamentarians from the Council of Europe, representatives of smaller countries said they could not be expected to maintai high aid contributions if the bigger countries did not do the same.

Dutch delegates said that they and the other Western countries which had reached the internationally-agreed target of contributing 0.7 per cent of GNP—Norway and Sweden—would be unable to justify the cost to their electorates if countries like Germany and the U.S. continued to lag behind in relative terms.

Present levels of development aid were not enough if the world wanted to eradicate the absolute poverty in which 800m people are reckoned to live, Mr. Joop Mommersteeg, Dutch Christian Democrat MP told journalists.

New proposals likely on EEC lorry weights

By Guy de Jonquieres

BRUSSELS, Dec. 7.

THE European Commission is expected soon to modify its proposals for harmonising maximum lorry and axle weights in the EEC in the hope of breaking the deadlock which has prevented a decision on the issue for more than seven years.

Mr. Raymond Burke, the Transport Commissioner, told his colleagues at the Commission's weekly meeting that he intended shortly to put forward a revised plan which would leave member countries free to set their own rules for commercial vehicles which are used only domestically.

It remains to be seen whether the new approach will satisfy member governments, and particularly Britain's, which has led the opposition to existing proposals. It is understood that the Commission does not plan to amend the maximum levels now on the table of 11 tonnes for axle weights and 44 tonnes for overall laden weights.

The UK Government, supported strongly by British public opinion, has argued that to permit lorries of this size could cause serious damage to British roads and annoy people living near main highways. Moreover, the larger engines needed to power such "juggernauts" would emit more exhaust fumes.

Spain referendum turnout lower than elections

BY ROBERT GRAHAM

MADRID, Dec. 7.

THE GOVERNMENT and the main political parties today claimed that yesterday's referendum vote gave strong endorsement to Spain's new democratic constitution. With counting virtually complete, Ministry of Interior computer calculations showed that just over 87 per cent of those who went to the polls approved the constitution.

Nevertheless, the turnout was low. Of the 26.5m Spaniards eligible to vote in the referendum an average 32 per cent abstained. The abstention rate was roughly 10 per cent higher than in the June, 1977 elections.

In the two key Basque provinces of Guipuzcoa and Vizcaya there was a 56 per cent abstention rate and an average 20 per cent negative vote.

The overall negative vote was 7.9 per cent. A further 3.5 per cent was accounted for by blank papers, also considered a form of more forceful abstention. Just under 1 per cent of the ballot was considered wrongly filled in or unacceptable.

Given that approval of the constitution was a foregone conclusion interest has centered on how to interpret the high abstention. There is enough in this to feed everyone's prejudices. The two Imparcial and Alcazar, today, turned the statistics round to demonstrate that almost 40 per cent of those eligible to vote had disapproved of the constitution—either by voting directly against it or by not voting at all.

Yet the abstention rate is probably largely attributable to more human factors. It was a miserable rainy day for voting, the 18-year-olds eligible to vote for the first time seemed for the most part to take the constitution for granted and there was a general indifference to an unexciting campaign to drum up votes.

The result, nevertheless, is likely to have three important consequences. Sr. Adolfo Suarez, the Prime Minister, used the referendum as a means of endorsing his own administration and the position of his party, the Union de Centro Democratico. Within 30 days of publication of the constitution in the official bulletin which could take at least 20 days) Sr. Suarez must decide whether to seek a vote of confidence in Parliament, call a general election, or both.

Second, the result will give a psychological boost to the exerteme Right which has been able to exploit the referendum as a testing ground for its electoral supprot

Third, the strong negative response in the Basque country has underlined that the main political parties can make little impact there so long as the Basques feel inadequate concesions are being made to their demands for regional autonomy.

Minimal growth expected in U.S. capital investment

BY DAVID BUCHAN

WASHINGTON, Dec. 7.

BUSINESS SPENDING on new plant and capital equipment is likely to increase only slightly in the first half of 1979, while the 0.8 per cent increase in the November wholesale price index shows that inflationary pressures in the U.S. economy remain unabated.

From its poll of business spending plans conducted in October and November, the Commerce Department today estimated capital expenditure would be at an annual rate of $165.6bn in the first six months of next year—an increase of 4.6 per cent in nominal terms over the last half of 1978, but little in real terms because capital goods prices are rising at about 8 per cent a year.

This compares, the department says, with a 4.5 per cent real increase in capital expenditure by private business this year, to $153.1bn, over 1977.

Meanwhile, the Labour Department today reported that wholesale prices last month rose by 0.8 per cent, very slightly down from the 0.9 per cent rise in October, but still at an annual rate of nearly 10 per cent.

The latest figures come as no consolation to the Administration in its efforts to curb inflation. Though rises in the wholesale price index do not feed through directly into consumer prices—the key rate watched by politicians and the public—they are a good guide to future trends in these prices. The latest consumer price figures show an annual rate of increase of 9.6 per cent.

Wholesale food prices were one of the few bright spots in the latest report, with the dip in the overall rate of increase largely accounted for by actual beef and fruit price declines.

However, industrial equipment prices rose a full 1 per cent last month—a rate that if continued could lead to a decline in real terms of capital expenditure next year.

Government economists are now reckoning that inflation in the last three months of this year is unlikely to drop below 9 per cent and could touch 10 per cent. At the same time, Mr. Alfred Kahn, President Carter's chief inflation adviser, says he will measure success for the voluntary pay and price guidelines if they shave 1 to 1.5 per cent off the inflation rate. On present trends, this would seem to put the administration's goal of 6-6.5 per cent inflation next year out of court.

The other area which would be affected by nearly double digit inflation next year would be for the President's proposal to give groups of workers that settle within the administration's 7 per cent wage standard a tax rebate. This so-called real wage insurance scheme, which must be approved by Congress, has not yet been publicly detailed.

According to Press leaks here, however, it would give workers rebates amounting to 1 per cent of their first $20,000 in wages for each percentage point that inflation exceeds 7 per cent. But to limit the drain on the Federal Treasury, the maximum rebate would be $600. Thus the administration would protect workers' incomes, if the inflation rate stayed below 10 per cent but not if it went above that figure.

Carter backs talks

President Jimmy Carter said yesterday that he would like Mr. Leonid Brezhnev, the Soviet President, to visit the U.S. for four or five days of talks on global matters, according to Reuter in Washington. He said Mr. Brezhnev's position is that a summit should not be held until a new agreement on limiting strategic arms is ready for the two leaders to sign.

Democrats gather to re-crown Carter

By Jurek Martin

MEMPHIS, Dec. 7.

OVER 1,600 delegates from the U.S. Democratic Party will gather here tomorrow to re-crown President Carter and present a carefully orchestrated image of unity to the county at large.

Ostensibly, the mid-term party convention, a relatively new institution, has been called to prepare the ground for the policies that Democrats will carry into the Presidential election year of 1980.

But since a number of the policies so dear to the heart of so many Democrats are increasingly considered out of pace with the straitened economic times, a major aim will be to find a way of reconciling the consciences of liberals without prompting them to flare up into the sort of intra-party warfare that marked the full conventions of 1968 and 1972.

The Carter Administration has devoted great energies to this convention and to ensuring harmony by improving its one-fractured relations with the party. If all goes well, the convention should resemble in many ways that of 1976, when sweetness and light was imposed by Jimmy Carter, as the newly successful presidential candidate, after decisive campaigning in the primaries.

The President will give the opening address tomorrow night and will appear in person at some of the 24 policy workshops due to take place on Saturday. Over 600 members of his Government, paying their own expenses to come to Memphis, will also participate, including such luminaries as the Vice-President Mr. Walter Mondale, Dr. Zbigniew Brzezinski, the National Security Adviser, and any number of Cabinet members.

Six months ago, with his popularity low and the party rumbling with discontent, Memphis loomed as a major problem for the President. But his perceived success at Camp David, his improved national standing and the satisfactory performance of the party in last month's mid-term Congressional elections seems to have drawn the teeth of those who might have been disposed to make trouble.

Liberals, in particular, seem to appreciate the more passive mood of the nation and it is unlikely that there will be anything more than token rebellion over such cherished issues as the plight of the cities, welfare reform, civil rights, national health care and lower defence spending.

What seems likely to emerge, therefore, is a convention that will not embarrass the President and one which will confirm the growing impression that if President Carter wants the party's nomination in 1980 he stands a much better chance than anyone else of getting it. The party, it will appear, is being shaped in his image.

It is generally agreed that the main dangers to a second Carter term in the White House lies in the economic uncertainties and in national public apathy.

VENEZUELA'S NEW GOVERNMENT

Where did the dollars go?

BY JOE MANN

Sr. Luis Herrera Campins

PRESIDENT Carlos Andres Perez has been a popular leader in Venezuela and his Government has spent more than any other in the country's history. Nevertheless, his party has just lost the presidential election and is reeling from the blow—why?

When 6.2m Venezuelans voted last Sunday most realised that only two of the 10 candidates before them on a multi-coloured paper ballot had any real chance of winning the presidency. One was Sr. Luis Piñerua Ordaz, a short, unsmiling 57-year-old member of the Democratic Action Party (AD) who offered to continue the programmes of the current president, Sr. Carlos Andres Perez.

The other was Sr. Luis Herrera Campins, 53, a tall, rotund bull of a man with a warm smile, a wide moustache and bushy black eyebrows. Sr. Luis Herrera and his Social Christian Copei Party pointed to the tens of billions of dollars spent by the Democratic Action government since 1974, and asked why public services were still abominable and why so many people associated with the Perez government had suddenly become rich.

Both of the major candidates were long time politicians backed by major parties. Both ran campaigns costing sums that dwarf political spending even in the U.S. Both offered programmes that were generally alike, while their parties showed few real differences (Democratic Action forms part of the Social Democrat group while the Social Christian Copei Party is of the Christian Democrat movement).

But Sr. Luis Herrera offered something different: new names, a new party in power. Venezuelans option for a change and voted overwhelmingly for Sr. Luis Herrera. Despite that fact that Copei has traditionally been a weaker party than AD (winning only one out of four presidential races since the last dictator fled in 1958) and despite a massive publicity blitz mounted by the Government in favour of its candidate, the Social Christians captured 47 per cent of the vote (at last count) versus 43 for Sr. Pinerua. They even dislodged AD from majority position they have held in Congress for the past two decades.

The country was surprised that Sr Herrera had trounced the government party so thoroughly, and the Copeyanos—as supporters of the Social Christians are called—went wild with glee. Although political polls for the most part give Sr. Pinerua a slight edge over Sr Herrera (the other eight candidates were far behind), most analysts agreed the election could go either way. What was truly surprising was that Sr Herrera won with such an ample margin and that he caused a humiliating loss to the Government forces in Congress.

Democratic Action formally admitted its defeat and pledged to maintain a non-obstructionist line in the opposition. (Copei's lead in Congress is so slim that it will be necessary to form a coalition). However, some AD leaders turned out to be poor losers, asserting that Sr Herrera's victory was due solely to the fact that many far Left voters threw their weight behind Sr. Herrera in order to defeat the government party. In a country with a strong anti-Communist bent, this constitutes dirty politics. During the last days of the campaign, groups backing the government party labelled Sr Herrera a Communist and predicted doom for Venezuela if he were elected.

Despite these and other political manoeuvres, Sr. Herrera's party (working with the support of three small groups) won control of the presidency and an upper hand in Congress for the next five years.

What caused Venezuelans to vote for a Social Christian? Certainly, Sr. Herrera's personality played at least a small role. Although neither major candidate drove voters wild with enthusiasm, the Copei standard bearer invariably came off as friendlier, warmer and more spontaneous than his usually grim-visaged adversary.

Jokes were often made during the long presidential campaign about the countless thousands of posters around the country bearing a smiling likeness of Sr. Luis Pinerua. "The Americans got him to smile once and then they made a million copies," a Venezuelan journalist said. American media and campaign advisers were hired by both candidates, and many of their media messages bore the stamp of slick, U.S. style political messages.

In addition, more than 1.5m young voters were added to the rolls since the last election in 1973, and a large block of the electorate was undecided until the time they entered the voting booths.

More important, though, has been the performance of the Perez government. Sr. Perez, an ambitious and dynamic politician who inherited unprecedented petroleum revenues, gained international repute for successfully nationalising oil and iron ore industries, launching a massive industrial and agricultural development programme and grafting a new and aggressive foreign policy. Vast sums were spent on steel, aluminium, electric power, agriculture, public works, and public services.

But the results, especially in areas affecting large numbers of citizens, were often disappointing. The President would announce massive spending on water and electricity, and the country would nonetheless be plagued by shortages and blackouts. Countless petrodollars were spent on improving services to the country's poor, but little changed in the vast slum cities. Agriculture received unprecedented attention, but food imports grew by leaps and bounds.

In addition, every political party — even the government's own — made the fight against official corruption a major part of its platform. "When the traffic cops are bold enough to ask you 'how much can you pay?' (to avoid a ticket), it's not hard to deduce that things are rotten all the way up."

Although President Perez has repeatedly threatened to fire anyone — even a minister — guilty of malfeasance, no Government officials have suffered more than slight inconveniences as a result of corruption charges.

NY to discuss change in State usury laws

BY STEWART FLEMING

NEW YORK, Dec. 7.

THE NEW YORK State Governor Mr. Hugh Carey has summoned a special meeting of the State legislature to consider a proposal to modify usery laws which currently limit interest rates on home loans to 8.5 per cent at most banks and thrift institutions.

The proposal to modify the usery law in New York has been under discussion for several months. Hitherto it has been blocked by political pressure which seeks to link any change in these laws with stricter controls on "redlining," the practice by which banks allergedly discriminate geographically against poor neighbourhoods when allocating mortgage funds.

The move by Governor Carey follows a statement earlier in the week by the Federal Reserve Board chairman, Mr. William Miller, which urged states with usery laws to re-examine them. Mr. Miller argued that they tended to work to the disadvantage of the consumer.

There has been growing concern about the 8.5 per cent usery law ceiling in New York on the grounds that it is now so low that lending institutions cannot afford to make new advances since their funds are costing much more.

The Bill which the State legislature is considering—and which has been approved by the Democratic majority—would allow the mortgage rate to rise to 9.5 per cent.

This, it is thought, should help to ease the residential market which has been constricted by lack of funds.

One fear which is not so far proving justified is that investors might take the funds they invested six months ago into the new Treasury Bill-linked certificates out of the thrift institutions and banks.

Brazil tops inflation limit

By Diana Smith

RIO DE JANEIRO, Dec. 7.

BRAZIL'S general price index rose by 2.7 per cent in November, bringing the 11-month inflation rate to 38.7 per cent, 3 per cent higher than the maximum of 35 per cent which the authorities aimed at for the whole of 1978.

Food prices continued to exercise heavy pressure on the wholesale price index which was up 3.1 per cent in November, compared with 2.6 per cent in November 1977. The price of meat in major cities has just increased by 30 per cent.

The Government recently took steps to slow down the pace of inflation in 1979 by putting restrictions on foreign borrowing by state-run enterprises, whose intake of foreign loans has swelled this year's money supply.

Furthermore, a lower ceiling has been placed on subsidised credit granted by the Bank of Brazil to small or medium farming and business concerns. The ceiling will be less rigid for credit to enterprises in the less-developed North and North-East.

Consumer credit and non-subscribed business credit has already been squeezed by exceptionally high private lending rates, now close to 80 per cent annually. In several cases, however, this has been a double-edged weapon. Businessmen have resorted to short-term foreign loans, at more reasonable interest rates, thus, like state-run concerns, adding to the inflationary flow of the money supply.

It is expected that a few months after the new Government takes power in March next year, more drastic anti-inflation measures will emerge.

For the second time in just over a fortnight, the cruzeiro has been devalued, this time by 2.1 per cent, to Cr20.37 to the dollar to buy and Cr20.47 to sell.

The latest devaluation brings this year's total devaluation to 27.7 per cent. One more is likely before the end of the year, to effect total annual devaluation of 30 per cent.

Sr Mario Simonsen, the Finance Minister, has rejected persistent suggestions that there will be a maxi-devaluation of 25 to 20 per cent of the cruzeiro against the dollar in the next few months. He has stressed that the adverse impact on small concerns would be too great and would push them close to bankruptcy. Any beneficial effects for exports would be cancelled out by rapid rises in domestic prices.

Montreal fire

A fire raged out of control yesterday at Notre Dame Cathedral, a century-old landmark, Reuter reported from Montreal. Firemen had difficulty putting up ladders because of the narrowness of the streets around the cathedral

Citibank court case in camera

By David Lascelles

New York, Dec. 7.

CITIBANK HAS won a court ruling that the proceedings of an unlawful dismissal case brought by a former employee, Mr. David Edwards, may be heard in camera, and any fresh evidence kept secret. Citibank sought this ruling on the grounds that the case involves confidential commercial information, which could harm the bank's business if it were disclosed.

The ruling by Judge Martin Evans of the New York Supreme Court, modifies an earlier ruling which gave Citibank only limited confidentiality. The bank's lawyers later appealed that ruling.

Mr. Edwards is alleging that he was wrongfully dismissed from Citibank earlier this year because, he claims, he tried to investigate what he believed to be illegal foreign exchange dealings in Citibank's European branches.

Citibank last week published a report by its lawyers and accountants which said there was no systematic wrongdoing.

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OVERSEAS NEWS

Israeli army withdraws equipment from Sinai

BY DAVID LENNON

SINAI, Dec. 7.

THE ISRAELI army appears to have started to pull-out some of its equipment from the Sinai and to build new bases behind the proposed withdrawal lines, even though the agreement to hand the peninsula back to Egypt has not yet been signed.

Hopes of a peace treaty between Egypt and Israel will also be boosted if, as a senior aide to Mr. Menahem Begin, the Israeli Prime Minister, said yesterday, Israel has no plans to build new settlements. A three-months' freeze on new settlements agreed at Camp David runs out on December 17. More ominously, Mr. Ariel Sharon, the *Agriculture Minister, insisted* today that there is a Government decision to build new settlements as soon as the *freeze ends*.

The current stalemate in the peace talks is apparently being viewed as a temporary matter by the army which would have only nine months after the signing of the peace treaty to pull back over 60 kilometres to a new interim defence line.

Dozens of army trucks loaded with equipment passed me in the morning on the road heading north-east towards Israel. In the evening, convoys of empty army lorries were again on the road, this time moving eastwards towards Israel's forward bases.

The army has apparently decided to utilise the time at *its disposal to ensure an orderly* withdrawal even before the agreement is signed with Egypt.

If the talks fail, then the equipment can always be brought back. *But if* agreement is reached, Israel will need every minute to make sure the army does not have to abandon or destroy equipment because of the limited time available.

Under the proposed peace agreement with Egypt, Israel will withdraw within nine months to an interim line running 450 kilometres down the *centre of the desert peninsula*. The final withdrawal behind the international border is *scheduled to follow 27 months* later.

The army has already started to prepare new bases behind both the interim line and the final line.

Army and civilian bulldozers and earth-levelling equipment could be seen working on a number of sites both in the Sinai and farther back in the Negev behind the *international border*.

Surveyors were marking out the sites, as trucks arrived with earth for the bases to replace more than 150 Israeli bases *which will have to be withdrawn* within three years of signing the peace agreement.

Some of the bases will be temporary, to serve only the interim period, but those in the Negev will become part of Israel's new permanent defence line facing Egypt.

Meanwhile, Mr. Moshe Dyan, Israel's Foreign Minister, is not ruling out a meeting with Mr. Mustapha Khalil, the Egyptian Prime Minister, who is currently touring Europe. Mr. Khalil had been reported as saying that he is likely to meet Mr. Dayan in Europe soon and possibly Mr. Ezer Weizman, the Defence Minister.

Ohira appointed PM after squabble

By Charles Smith, Far East Editor

TOKYO, Dec. 7.

AFTER A 24-hour delay caused by factional squabbling within the Liberal Democratic Party, Mr. Masayoshi Ohira was elected Prime Minister of Japan this afternoon at a specially summoned meeting of the Diet.

Mr. Ohira's Cabinet, announced immediately after the election, retains only one Minister from the previous administration of Mr. Takeo Fukuda. Mr. Sunao Sonoda, the Foreign Minister, stays on as proof of the government's intention to preserve continuity in Japan's foreign policy.

Other Ministries have been allocated to Mr. Ohira's close associates or to factional supporters of the two ex-Prime Minister (Mr. Fukuda and Mr. Kakuei Tanaka) whose support is *seen as being essential to the* new government.

The Finance Ministry, possibly the most important post after Mr. Ohira's own, goes to Mr. *Ippei Kaneko, an Ohira faction* member and a former bureaucrat of the Ministry he will now be heading. Mr. Kaneko is chiefly known as a specialist on tax questions (a relevant qualification, given tax reform is likely to be one of the main preoccupations of the new government).

The Ministry of International Trade and Industry has been allocated to a top member of the Tanaka faction, Mr. Masumi Esaki while the Economic Planning Agency will be headed by Mr. Tokusaburo Kosaka, a close associate of Mr. Ohira (though not a member of the Ohira faction).

The director of the Defence Agency (equivalent to Defence Minister) in the new Cabinet is Mr. Ganri Yamashita, a Tanaka faction member who has a reputation for getting on well with Japan's "progressive" opposition parties (important because of the political sensitivities surrounding defence policy). The new Justice Minister (likely to play a key role in *determining the outcome of the* Lockheed corruption trial in which Mr. Tanaka is one of the defendants) is Mr. Yoshimi Furui, a 72-year-old lawyer who has no factional affiliation but who is reputedly very close to Mr. Ohira. Posts allotted to Mr. Fukuda's factional followers include the Ministry of Telecommunications and Construction as well as the Foreign Ministry where Mr. Sonoda remains.

The Ohira Cabinet contains more new faces (12 out of 20) than any of its recent predecessors and was being characterised this evening by some commentators as a Cabinet of left-overs (meaning elder politicians who had failed to find jobs in previous administrations).

The heavy stress on "main stream" party factions in the Cabinet line-up at the expense of smaller intra-party groupings could also prove a weakness. It can be argued, however, that Ohira had no choice on this question given the need to reward the Tanaka faction, which played a key role in securing his elec*tion as Prime Minister, and the* equally pressing need to neutralise the Fukuda faction which is still smarting at the defeat of its leader in the election for the party presidency.

Mr. Ohira's appointments to the three key LDP executive offices remained unchanged today despite attempts by younger members of the Fukuda *faction to force the retraction of* some appointments. This means that Mr. Ohira has surmounted the first challenge to his authority as Prime Minister. The next challenges facing the new government are to finalise the 1979 budget and to try to devise a new package of policies to stimulate the flagging economy.

● **AP reports from Toyko:** Foreign tourists here have increased about 10 per cent a year since 1975, exceeding 1m last year, but a government report warns of a smaller increase for 1978 because travelling to Japan costs more under the rising yen.

The report, edited Thursday by the prime minister's office for newly elected prime minister *Masayoshi Ohina says the cost of* restaurant foods, as measured in dollars, has jumped up 2.7 times in five years.

As a result, it said, foreign tourists visiting Japan in the first eight months of this year recorded only 680,000, up 2 per cent from the like in 1977.

The report then urges relief measures be taken, including cut-*rate air fares, exemption on* restaurant tax and development of low cost hotels and restaurants, to make Japan more attractive to foreigners.

S. Africa to drop secret projects

BY QUENTIN PEEL

CAPE TOWN, Dec. 7.

ALMOST HALF the secret projects undertaken by South *Africa's former Information De*partment, the subject of official allegations of theft, fraud and misuse of funds, are to be discontinued, Mr. P. W. Botha, the South African Prime Minister, announced in Parliament today. This move will include the hugely expensive State financing of the Citizen newspaper.

In the face of opposition demands for the resignation of the Government, Mr. Botha denied that the Cabinet was collectively responsible for the irregularities of the former Department. He *announced the scrapping of 57* secret projects out of a total of 125 which had been considered by a departmental inquiry. But *he also announced the retention* of 68 others, 56 to be continued secretly, and the rest as public operations.

So far it is known that the Information Department operated a huge range of purportedly independent propaganda exercises from a R64m *(£37.6m)* secret fund, but that it was also involved in other operations not so obviously *linked with propaganda for the* country.

These operations included the owning of property in South Africa and overseas, investment in general businesses with shares *in South Africa and foreign com*panies, and something called "operational activities" which have been dealt with by the Erasmal Commission of Inquiry.

Of the total fund, some R32m was spent on The Citizen newspaper, but Mr. Botha did not make it quite clear just what the future of the newspaper will be. He said Government funds *had been cut off since November* 17, but that to stop it from publishing could result in the state facing claims totalling some R16m.

Mr. Botha said that some R19m (£11.2m) had been spent by the state on The Citizen, and a further R10m (£5.9m) was to be repaid by Mr. Louis Luyt, the *fertiliser* magnate and former "front" owner of the paper.

Mr. Botha who moved a resolution reiterating the principle of secret funds for Government activities and suggesting discussions between the administration *and the parliamentary Auditor*-General on better ways of auditing these, laid the bulk of the blame for the whole Information Department scandal on his former colleague, Dr. Connie Mulder, the former Minister of Information, who was just defeated in the September contest for the premiership.

The Prime Minister said Dr. Mulder had never kept the *Cabinet informed* of his Department's activities. He also said that when behad personally discovered the nature and extent of the Department's operations, he had confronted Dr. Mulder and forced him to resign.

Parliament is currently engaged in a two-day debate on the Erasmus report on the Department and the opposition *groups are determined to derive* the maximum benefit out of the Government's apparent discomfiture.

In a special ruling, the Speak*er has allowed members to refer* to the role in the whole affair *of Mr. John Vorster, the former* Prime Minister, even though his present office of state President *is suppose to elevate him above* controversy. Even though he knew details of the Citizen affair and other irregularities for months before he retired, this is unlikely to force his resignation now, observers here believe.

They do feel, however, that he may step down some time in the coming year, using his ill-health as a reason. As for an early election, this is generally thought unlikely, but Mr. Botha could decide to call one about the middle of 1979, to help re-forge party unity.

Iran opposition leader released

BY ANDREW WHITLEY

TEHRAN, Dec. 7.

THE IRANIAN opposition leader, Dr. Karim Sanjabi, released yesterday from nearly four weeks in detention, has re*affirmed his refusal to take part* in a Government under what was described as the "illegal monarchy."

He also said he would be *taking part in a major procession* through Tehran on Sunday, in defiance of the martial law prohibitions.

Sunday's procession, marking *both the Shi'ite Moslem mourn*ing day of Tassua and the United Nations human rights day, has been initiated by a militant religious leader, Ayatullah Taleqani, who has close connections both with Dr. Sanjabi's National Front and with the *Shah's most admanant opponent,* Ayatullah Khomeini, in Paris.

In an important new development, a strong religious prohibition of the shooting of Iranian Moslems by the army has been declared by Iran's most influential clergymen within the country. A statement issued by a moderate triumverate in the Holy City of Quom led by *Ayatullah Shariat Madhari*, said shooting was not permitted under any circumstances.

The statement condemned attacks on a list of named religious leaders and communities around the country, over the past few days. It said that *in the Gulf port town of Bushire*, the local Shi'ite Moslem dignitary, Sheik Abu Ashuri, was shot dead by the army.

The statement is bound to have a considerable impact on the morale of Iran's largely conscript and devout army.

With all the main opposition factions in Iran now having moved solidly behind Sunday's procession, the *feeling* is growing here that the authorities will allow it to go ahead, as long as it remains peaceful.

Demonstration in Queensland

By James Forth

SYDNEY, Dec. 7.

MORE THAN 350 people, including polticians and trade union leaders, were arrested in Brisbane today after a wild *demonstration against* the Queensland State Government's anti-march legislation. Despite the large number of arrests, violence was only sporadic, and the demonstration *fell well short* of the bloody confrontation which had been feared. A force of about 1,300 police turned out to meet the crowd of about 2,000 demonstrators marching down Brisbane's main street. The March saw the latest in a campaign aimed at convincing the Queensland Premier Mr. John Bjelke-Petersen to repeal legis*lation introduced last year which* removed the right of appeal to a *magistrate* if police refused a March permit.

Indian debate on Gandhi

NEW DELHI, Dec. 7.

THE INDIAN PARLIAMENT today began a crucial debate to decide on a punishment for the ex-premier, Mrs. Indira Gandhi, for a breach of privilege and contempt of the Lower House committed three years ago.

Prime Minister Morarji Desai moved a motion for a six-hour discussion on a Privileges Committee report which found Mrs. *Gandhi guilty of intimidating* and harassing four Government officials who were collecting information on her son Sanjay's Maruti car-manufacturing project for the Lok Sabha (Lower House).

Opposition members objected to the Prime Minister's motion because it was given precedence over several other similar *motions. Two hours were lost in* bitter procedural wrangling. Mrs. Gandhi, who faces possible imprisonment and expulsion from *the house, was in the house but* did not speak.

The Committee's report, the Opposition claimed, was not based on consensus since four members of the 15-man, all-party Committee disagreed with the majority findings on the question of jurisdiction.

The Privileges Committee's report said Mrs. Gandhi arbitrarily ordered the Central Bureau of Investigations (CBI) to lodge complaints of corruption against four officers and to raid their houses. Mr. D. Sen, the *former head of the CBI*, and Mrs. Gandhi's private secretary, Mr. R. K. Dhavan, were also indicted along with the former premier. Parliament will decide on what action to take against *the former Premier only after* giving her a chance to speak in her defence.

Reuter

Union chief accused in Peking

PEKING, Dec 7.

CHINA'S LEADING trade union official, Ni Chih-Fu has been accused in a new Peking wall poster of having directed the suppression of the April 1976 riots in Tien An Men Square and of having planned to support a coup d'etat by political extremists.

"Ni Chih-Fu was the chief culprit in suppressing the revolu*tion at Tien An Men*," *it said*.

The poster, signed by "several militiamen who participated in the Tien An Men incident," charged that Mr. Ni stored artillery and weapons at a Peking machinery factory where he once worked on the bench.

The purpose, it said, had been to arm an artillery battalion and a machinegun battalion of militia in support of the now-disgraced "gang of four" extremist leaders. It added that Mr. Ni had also ordered 100 tanks to stand by in readiness to back a coup d'etat by "the empress"—a reference to Mao Tse-Tung's widow Chiang Ching, a member of the gang.

The poster did not make it clear whether these events took place around the time of the gang's arrest in October 1976, a month after Mao's death. The gang has been accused of plotting to usurp state power.

Mr. Ni, 46, a member of the Communist party politburo and earlier identified as a vice-chairman of both the Peking and Shanghai city councils, was elected President of the All-China Federation of Trade *Unions in October*.

Diplomatic sources said the poster was one of the most bitter and direct attacks on a senior official since the start of the current public political debate in Peking nearly three weeks ago.

Reuter

John Hoffmann adds from Peking: Thousands of people are crowding up to 12 deep in Peking's main street to read and copy posters which are scathingly critical of the nation's past and present leaders and which question the authenticity of Chinese socialism.

One declares that Mao Tsttung was a bragging despot, that China's modernisation programme is a *mere slogan* with no *substance* and that the people are slaves, rather than the masters of history.

"After the gang of four fell, the wise leader Chairman Hua and, in some people's view, the even wiser leader Vice-Chairman Teng, promised democracy and prosperity," the poster says.

"But the old power system oppressing the people is still with us: it did not change."

The unnamed authors of the poster complain that living standards have not risen and and that pay increases have not kept pace with rising prices. People no longer had to put up with slogans about "class struggle" but "the four modernisations substituted just as well to bash their eardrums."

"Some people" had said that the Chinese people needed dictatorship—that they did not want democracy. "Statements about the people being the masters of history are no more than empty talk," says a poster. "The people cannot control their own destinies. Their labour is used by others and their rights are woven into an imperial crown for someone else. What sort of master is this? It is more like a slave.

"If they do not give the people democracy they are shameless thieves—worse than the blood-sucking capitalists of yesteryear." *Despite an official* warning late last week that further public criticism of Mao Tse-tung would be frowned upon, the poster bluntly blames Mao for China's ills.

"If it were not for Mao Tse-tung's personal despotism, would China be in the state it is in today?" it asks. "Why did the people go along this road? Is it not because that bragging despot forced them along it? Is this the road to socialism? Of course not—it is a feudalist monarchical system disguised in the cloak of socialism.

"*If we want to modernise our* economy, science and so on, we must first modernise our people and modernise our social system."

AP reports from Hong Kong: *The People's Daily has called for* an end to arbitrary justice in China and said all citizens should be treated equally.

The Hong Kong Communist newspaper Ta Kung Pao carried an excerpt of the People's Daily article in Thursday editions.

"However high one's position or worthy one's deeds, if he has committed crimes he will be punished according to the law just like an ordinary person and cannot enjoy special privileges," the Chinese newspaper said.

The article said that under China's system of government "All citizens should be equal under the law" and "should enjoy the rights they deserve and should carry out their obligations."

British envoy in Botswana talks

British and U.S. envoys, Mr. Cledwyn Hughes and Mr. Stephen Low arrived from Salisbury for talks with Sir Seretse Khama, the Botswana President, on the prospects of an all-party peace con*ference on Rhodesia*, Reuter reports from Gaborone, Botswana.

The convention of a conference was essential to solve the "tragic conflict" in Rhodesia, Mr. Hughes said on arrival. The *envoys' African tour has already* taken them to Tanzania, Zambia, South Africa and Rhodesia.

Asked if he had been encouraged by meeting with the leaders of these countries, Mr. Hughes said: "I have committed myself not to make any assessment or judgment on the tour until I complete it." They now travel to Mozambique.

Unita claim denied

Angola yesterday dismissed as a bluff claims by the pro-Western guerrilla organisation Unita that it had shot down a Boeing 727 killing 50 Cuban soldiers, the official news agency Angop said, according to Reuter. Angop quoted the commercial director of the Angolan Air Company as *saying the airline had only* Boeing 737s and 707s, Fokker Friendships and Soviet-built Yaks.

OAU sanctions demand

The secretariat of the Organisation of African Unity (OAU) has called for immediate, mandatory economic sanctions against South Africa for holding independent elections in Namibia, official *Ethiopian* Radio has reported. AP reports from Nairobi. The Ethiopia-based secretariat, the radio said, made the call in a press statement.

NZ deficit narrows

New Zealand had a balance of payments deficit of NZ$434m (£224m) in the year ending October 31, compared with a deficit of NZ$552m a year earlier and a deficit of NZ$659m in 1976, the Reserve Bank of New Zealand said yesterday, AP-DJ reports from Wellington. Export *receipts rose 4.2 per cent and* import payments dropped 5.5 per cent. Improved meat receipts, which rose 9.9 per cent largely due to beef and lamb price increases for the past six months, contributed most of the rise in exports.

Capital account transactions, including IMF transactions, resulted in a new inflow of NZ$413m and an official capital inflow of NZ$263m.

China living standards

China has candidly recognised that its ambitious modernisation programme will not get off the ground unless the living standards of the nation's 750m peasants are drastically raised, AP-DJ reports from Tokyo. An article *in the official party* organ, the Peking People's Daily, said "a modern, powerful socialist country will never be built if the peasants lack enthusiasm, if some of them even doubt the advantages of the socialist system because their living standards are not raised for a long period."

Vietnam support

Vietnam virtually put a stamp of official approval on Cambodia's newly-formed insurgent movement yesterday, pledging "full-hearted support" for its goal of toppling the Phnom Penh Government, according to AP in Bangkok, *quoting Radio Hanoi*.

Pakistan bombing

Unidentified attackers threw a bomb into the office of the Associated Press of Pakistan news agency in Lahore, the capital of Punjab province, on Wednesday night, Reuter reports *from Rawalpindi. The explosion* damaged the newsroom, but no injuries were reported.

Amin is willing

President Idi Amin of Uganda has ordered his Government-owned news media to end anti-Tanzanian propaganda and has repeated his willingness to meet Tanzanian officials to help end their border war, Radio Uganda announced yesterday. AP reports from Nairobi. The announcement followed a visit to Uganda earlier this week by President Gaafar Nimairi, of Sudan, who is chairman of the Organisation of African Unity.

Taraki leaves Moscow

Mr. Nur Muhammd Taraki, the Afghan Premier, left Moscow yesterday at the end of a three-day visit during which he signed a treaty of friendship and co-operation with the Soviet Union, reported Tass, the official Soviet news agency, monitored by AP.

Ethiopia-Romania pact

Ethiopian head of state Mengistu Haile Mariam has ended a two-day official visit at the invitation of *Romanian President Nicolae* Ceausescu, AP reports from Bucharest. An announcement in the Communist Party daily Scinteia, said the two leaders agreed to expand co-operation.

WORLD TRADE NEWS

EEC meeting to assess progress of GATT talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 7.

EEC FOREIGN Ministers are to hold a special meeting here next Tuesday to assess the prospects of completing the GATT Multilateral Trade negotiations (MTN) before the end of this year.

The meeting was called by the German presidency of the Council of Ministers following a brief discussion at the EEC "summit" in Brussels earlier this week. Leaders of the Nine governments apparently agreed that the negotiations should be concluded as soon as possible, though without committing themselves to a firm timetable.

The main aim of next week's deliberations is to determine whether GATT negotiations are sufficiently close to a final agreement to permit President Carter to inform Congress, under the so-called 90-day procedure, that he intends to submit a trade package for ratification within the next three months.

If that can be done, it would improve the chances of early action by the Congress to extend the Administration's authority to waive countervailing duties on subsidised imports, which expires at the beginning of next month. Uncertainties about the future of the waive have proven a major stumbling block between the U.S. and the EEC.

The Carter administration has argued that it must be able to present Congress with at least the outlines of an acceptable GATT package when it submits its request for a renewal of the waiver, if the latter is to stand a reasonable chance of approval.

This argument is accepted by all EEC Governments except France, which has obstinately insisted that not even a provisional agreement can be reached in GATT until Congress has renewed the waiver. Other governments are prepared to complete the negotiations but would withhold formal ratification until after the waiver had been extended.

Next Tuesday's Ministerial meeting is expected to test the depth of French reservations on this question and also the balance of offers made to date in the negotiations. At last month's Foreign Ministers Council here, the French delegation expressed strong dissatisfaction with the concessions made so far by the U.S., especially on agriculture and industrial tariffs.

M. Jean-Francois Deniau, France's Minister of European Affairs, claimed that he had forced the EEC to abandon the December 15 target date for completion of the GATT negotiations set by the world Economic Summit in Bonn last July. But some other governments seem still to believe that a slim chance remains that it will be met.

Chancellor Helmut Schmidt of Germany, who chaired the EEC "Summit" earlier this week, had apparently hoped to gain the assent of his colleagues to the principle of completing the negotiations by the end of the year. A declaration to this effect was included in his draft speaking notes for the press conference at the end of the "summit" but was never read out, apparently because there had not been enough time for the leaders to discuss the issue in depth.

In any event, completion of the talks will almost certainly require modifications in the EEC Commission's negotiating mandate. The Commission asked Foreign Ministers to sanction such changes last month, but its request was shelved.

Slow growth in British exports predicted

BY LORNE BARLING

THE VOLUME of British exports is likely to increase by 3 to 4 per cent, on a seasonally adjusted basis, between the second half of this year and the first six months of next year, according to a Department of Trade survey.

The estimates suggest some continuation of growth in the first half of next year, following a recovery in the second half of this year. For 1978 as a whole, export volume is expected to rise by about 4 per cent compared with an 8.5 per cent increase in 1977.

The estimates are derived from forecasts of export prospects made by Britain's largest exporting companies for the Department of Trade.

The major companies themselves expect the volume of their exports in the first half of next year to be around 12 per cent higher than the first half of 1978. This compares with the 9 per cent rise in the second half of 1978 over the corresponding period in 1977.

"The increase in the volume of exports for the second half of this year is some five per cent lower than was reported in the last survey, but the estimate for the first quarter of next year has been increased," the department said.

This suggests that there may have been some slippage in deliveries which is expected to be made good in the early part of next year.

Some increase (to around 7 per cent) is expected in the level of price rises, compared with a year earlier, at the end of this year and into next year.

Taking volume and price movements together, the increase in the value of exports for the large exporters is estimated at around 20 per cent in the first half of next year, compared with the same period in 1978.

Some Swedish optimism

BY JOHN WALKER

STOCKHOLM, Dec. 7.

THE SWEDISH Industrial Federation is cautiously optimistic about economic developments in 1979 in its latest report. It says imports are likely to increase partly because the Government has put more money in the family kitty through increases in family allowances as well as higher housing subsidies.

The Federation suggests that more money in peoples pockets will increase demand for imports and this will mean higher inflation. Prices next year are expected to rise by 7.4 per cent. In addition there are a number of wage agreements which will raise wages in some sectors.

Exports by Swedish companies must be increased. The report says while predicting that production will rise by a full 5 per cent during 1979, following the two poor years, 1977 and 1978. The GNP is forecast to grow by 4 per cent in 1979 compared with an increase of 2 per cent in 1978.

With the promise of better times ahead, unemployment is expected to be significantly reduced in the second half of 1979. It is esential that the present administration have some tangible economic successes to show, as the next general election is now only 10 months away.

EEC TEXTILES

Problems loom in the Mediterranean

BY RHYS DAVID

THE EUROPEAN Commission looks set to find itself in the middle of another textile row before the end of the month as a result of negotiations taking place on access next year for products from the EEC's Mediterranean associates.

The commission would seem to have the choice of offending either the textile industry in the Community of Mediterranean associates, including the three applicants for full Community membership—Greece, Spain and Portugal — on the other hand it could end up pleasing neither side.

The problem is over the growth rate in exports of textiles from the associates. Because of their special relationship with the Community these are covered by one year understandings rather than the four year GATT Multi Fibre Arrangement (MFA) bilateral agreements which apply to low cost producers in the Far East. Apart from the three possible new member countries, the EEC also has to make arrangements for controlling imports in 1979 from Turkey, Malta, Morocco and Tunisia.

The Commission had considerable difficulty last year in persuading several of the Mediterranean associates to argree to understandings which have in any case proved difficult to implement. The Commission was obliged this summer to impose unilateral restraints on Turkey after its exports of cotton yarn had by the end of July climbed to 28 per cent above the agreed figure. More recently similar action has been taken against certain products from Malta.

The Commisison's negotiators in the present talks have had to work within the mandate laid down by the EEC Council of Ministers last December. The principal intention of this was to ensure that increases in exports from the Mediterranean associates do not undermine the effect of restraints imposed through MFA bilateral agreements on Far East exporters.

The evidence suggests, however, that the Mediterranean associates are no more willing this year than last to accept ceilings on their exports to the Community. Two of them—Turkey and Malta—have declined to negotiate. As a result it is likely that ceilings will be imposed upon these two countries which the Commission will decide unilaterally.

The other countries have agreed to talk, but Greece is understood to be pressing for unrestricted access to enable its industry to adapt for eventual entry, though it is not offering the same degree of reciprocity to the textile industry in the Community.

The Commision, though strictly speaking obliged to stick to its mandate, is certain to be contemplating a compromise which will go some way towards meeting the associates' claims. The textile industry, including that of the UK, will however, almost certainly strongly oppose any deviation from the mandate.

Low cost producers in other parts of the world, who come under the control of the much tighter MFA bilaterals, are another interested party. The growth of their exports to Europe has been restrained. In some cases shipments have been cut back, partly to allow producers in less developed countries to win a bigger share of the European market. If increased access is allowed to the associates, they are certain to complain that the effect of their sacrifice has been to increase the opportunities available to southern European and North African producers.

The issue will be passed for decision later this month by the Council of Ministers which could be faced with a Commission proposal indicating what it considered to be the best deal it could obtain, despite being somewhat outside the mandate. The council would then have to decide whether to accept such a deal or instruct the Commission to go back and re-negotiate within the mandate. The Council is bound to be influenced, however, by the political difficulties which insistence on its mandate would cause. In particular it will want to avoid souring the atmosphere surrounding membership negotiations.

The Council will also have to take into account the danger of a severe loss of credibility on its part with the textile industry. It has after all been encouraging the industry to use the breathing space provided by tighter import controls to rationalise its structure.

Italians worry over Iranian payments

By Paul Betts

ROME, Dec. 7.

CONCERN IS growing in Italian political and industrial circles over the situation in Iran following reports that a number of major Italian groups are facing difficulties in obtaining payments from the Iranian authorities. The Iranian banking system has been almost totally halted by strikes and civil disturbances.

The state-controlled civil engineering group, Condotte d'Acqua, currently involved in the construction of the $1.5bn harbour project at Bandar Abbas is reported to be owed some L140bn (£85m) by Iran.

Although the giant state holding, Istituto per la Ricostruzione Industriale (IRI), including Condotte and the several of whose subsidiaries Finsider steel group are engaged in major Iranian projects, is at present at least playing down the situation, the veteran socialist leader, Sig Giacomo Mancini, today asked the Government for details of the problems now facing Italian companies operating in Iran.

Italy is understood to have current contracts in Iran worth a total of some L4,000bn.

● The Paris-based International Chamber of Commerce (ICC), has selected Dr. Moshen Lak an Iranian, president for 1979. AP-DJ

China fact finding tour may lead to substantial UK contracts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A TOP-LEVEL mission from China, headed by Mr. Lu Tung, Minister for the Third Ministry of Machine Building and responsible for aviation matters, arrived in Britain yesterday.

Although the mission is basically on a technical fact-finding tour and is not expected to conclude any contracts, in the long-term the UK is hoping for substantial sales of aerospace products to China.

Mr. Lu Tung's team includes mostly specialist technical personnel, including top officials from the Chinese Institute of Aeronautics (a research establishment), and from the Shen Yang and Harbin aero-engine factories.

Their aim over the next two weeks will be to see as much as possible of the technical capabilities of the UK aerospace, electronics and equipment industries.

But while the team is not itself likely to become involved in discussing future trade deals, the information that it takes back to China will be undoubtedly of great value in enabling the Chinese Government to assess the quality and scope of UK aviation products, and could play a major role in influencing future contracts.

The intensive programme includes visits to British Aerospace civil and military production factories at Hatfield, Preston (Lancashire) and Dunsfold and Kingston in Surrey, where they will see both Harrier jump-jet and Tornado military aircraft production lines (probably including flight demonstrations), as well as work on the Type 146 feeder-liner and Type 748 turbo-prop airliner.

Other visits will be made to EMI Electronics, Redifon Flight Simulation, Marconi Avionics, Smiths Industries, and to such research establishments as the Royal Aircraft Establishment at Bedford, the National Gas Turbine Establishment at Pyestock, Hampshire, and the Cranfield Institute of Technology, Bedfordshire. They will also be given a joint presentation by a number of UK machine tool companies.

● The Scottish Banks involved in the $1.2bn series of deposit agreements with the Bank of China, signed this week, are the Royal Bank of Scotland, in association with Williams and Glyn's Bank, and the Bank of Scotland in association with Kleinwort Benson.

Dutch in airliner talks

BY CHARLES BATCHELOR

AMSTERDAM, Dec. 7.

CHINA HAS expressed interest in building the Fokker F-28 airliner under licence. A delegation from China which visited the company two weeks ago asked if Fokker would be prepared to provide a production line.

Fokker told them it was interested provided at least 100 aircraft were to be built. Anything less would not make the project worth while, a Fokker spokesman said today.

This would be the first time Fokker had licensed production of the F-28 and the deal would be worth several hundred million guilders. Fokker offered to send a team to China to discuss details of the project but the Chinese said they had enough immediate information, the spokesman said.

At the moment the deal is in the "informative" stage, he added. It was not yet clear whether the Chinese had considered production in such large numbers.

Sweden places Skyflash order

By Our Aerospace Correspondent

A CONTRACT worth about £60m for the supply of Skyflash air-to-air missiles for the Swedish Air Force has been won by British Aerospace's Dynamics Group. Deliveries start in 1980.

Associated with British Areospace in the development and production of the Skyflash missile are Marconi Space and Defence Systems and EMI Electronics.

U.S. group to set up turbo plant in France

By David White

PARIS, Dec. 7.

AFTER General Motors' decision last month to build a $55m car battery plant in Lorraine, eastern France, another U.S. company with interests in car components today announced plans to set up in the same region.

Garrett Corporation, part of the Signal companies group, plans to spend FFr 40m ($9m) on refitting a plant it has bought at Thaon-les-Vosges, near Epinal, to produce turbo-chargers for commercial and private vehicles.

The company is setting up a French subsidiary, Garrett France, with a registered capital of $1m. Initial production is due to start next August, but full conversion of the plant, bought for an undisclosed sum from a packaging company, is expected to take three years before full capacity is reached.

Preliminary plans include making heat exchangers, but company representatives said it was possible that production facilities would be extended to aircraft components, for which Garrett already has important clients in France.

Output of turbo-chargers, designed to improve performance of both diesel and standard engines, is expected to reach 250,000 by the mid-1980s, equivalent to half the company's current production, which is based in the U.S. and at Skelmersdale in the UK.

New Hitachi talks on UK TV venture

BY CHARLES SMITH AND JOHN LLOYD

HITACHI, the Japanese electronics manufacturer that shelved a plan to produce colour television sets in Britain last autumn after local opposition, is expected soon to announce a TV production venture involving the UK.

Hitachi UK, its British marketing concern, said yesterday that it had been approached by GEC, the British group, about a possible joint venture. Talks had been held but no conclusions reached.

The company believed that the possibility of an individual venture in the UK was still out of the question.

GEC would make no comment on talks, or on the possibility of a joint venture.

Hitachi and GEC have been discussing proposals for collaboration in consumer electronics in recent months. Hitachi has evidently convinced itself that the investment climate in Britain is far more favourable than a year ago, mainly because trade union opposition to its investment plans has died down.

Britain remains the most desirable location in Europe for a Hitachi colour TV plant using the PAL system, whereby companies are licensed to produce a given number of sets for the European market, because it offers the largest market for colour TV outside West Germany.

There, a combination of factors including costs virtually rules out Japanese investment in consumer electronics.

Hitachi appears to have taken note of the launching of the Toshiba-Rank joint venture for colour TV production this year.

The company insisted yesterday, however, that a feasibility study on European investment projects conducted during the past few months included wholly owned as well as joint venture projects.

Hitachi recently signed a licensing agreement with the Spanish company Chave for local manufacture of colour TV sets and other consumer electronics products. The Spanish agreement covers only local sales and has no bearing on Hitachi's long-term strategy of establishing colour TV production inside the EEC.

If the plans go ahead, Hitachi will become the fourth Japanese colour TV manufacturer to produce sets in Britain, after Sony, Matsushita Electric and Toshiba.

Sanyo Electric is also known to have had discussions on a joint venture with Thorn but those appear to have lapsed. Other types of collaboration between the companies remain possible.

Japanese electronics companies manufacture TV sets in Britain under a West German patent for the PAL system, so that a country with a large home market is important as the site for such ventures.

The terms on which Hitachi comes into the UK are likely to include stipulations on export ratios and on local content, including the use of UK-manufactured tubes.

Hitachi will be watching with some anxiety for the UK reaction to its plans but it evidently fairly confident that it will be better than a year ago.

Rothmans factory in Spennymoor will provide 800 jobs

BY DAVID CHURCHILL AND RHYS DAVID

CARRERAS ROTHMANS yesterday announced plans to open a 345,000 sq ft factory in Spennymoor, County Durham, providing up to 800 new jobs and enabling the company to meet rising demand at home and abroad.

The new factory has been acquired from Courtaulds and although Rothmans is not disclosing how much the site cost, it admits that total investment including new machinery will be more than £20m.

When the factory is in full production it is expected to produce about 15bn cigarettes annually. These will mainly be for export, Rothmans said yesterday although the increased production would also be used to meet rising UK demand. The company has about 14 per cent of the UK market.

Rothmans' acquisition of the Courtaulds factory has come at an opportune time for Courtaulds.

The factory was started by Courtaulds in 1973 and completed two years ago as the third stage in a big development of the Spennymoor site as a worsted yarn centre.

But the factory was never brought fully into operation by Courtaulds because of a downturn in the market for acrylic yarn, which has been affected by imports and fashion changes.

In October, Courtaulds announced that because of a further weakening of the acrylic yarn market it would also be forced to make cuts at the two other Spennymoor plants with a loss of 560 jobs.

The unions have come out strongly against the company's plan which would involve a reduction from seven-day to five-day working and from four to three shifts per day. They have been suggesting instead a programme of short-time working for all 1,600 Courtaulds employees at the site.

The deal with Rothmans now seems likely to offer Courtaulds a way of persuading the unions to accept the job losses. Rothmans said yesterday it was prepared to recruit locally.

"Our first priority will be the introduction of a comprehensive training programme to develop the new skills required to operate cigarette-making and packing machinery."

The new Rothmans factory will be the company's fifth in the UK. Two years ago it opened its fourth factory, at Darlington, by acquiring the site from another textile group, Coats Paton.

Pipeline disagreement delays oil go-ahead

BY KEVIN DONE, ENERGY CORRESPONDENT

GOVERNMENT approval for developing two important North Sea energy discoveries has been delayed by the Energy Department's anxiety over means of recovering their oil and gas.

The Department is seeking to co-ordinate more closely the next generation of field developments, led by British Petroleum's Magnus and Phillips Petroleum's Maureen Fields, to ensure maximum recovery.

BP's plan for exploiting Magnus, North Sea's northern most commercial discovery, is thought to have proved broadly acceptable. But the Government is seeking strong assurances from BP that associated gas from the field will be piped into the Brent gas trunk line leading to St. Fergus, Grampian.

BP plans to produce oil from Magnus through a pipeline link to the Ninian crude oil trunk line to Sullom Voe in the Shetlands.

The Brent System oil pipeline, which also leads to Sullom Voe, is closer to the Magnus Field, but BP maintains that there are strong reasons for building the spur to the Ninian line.

It operates the Ninian pipeline and holds a stake in the Ninian Field. A link to that system would simplify negotiations over such difficult matters as the mixture of crudes that could be fed into the line and what capacity would be allocated to the various fields.

The Magnus Field, which is expected to cost more than £1.3bn to develop should be producing 120,000 barrels of crude oil a day in the early 1980s.

At the same time, however, it will be producing 50m cu ft of gas a day and 9,000 barrels of butane and propane, which the Government does not wish to see flared.

Negotiations

The Department wants Magnus to gorm part of a northern leg extension to the Brent gas pipeline, but has met difficulties over the timing of negotiations with companies operating other fields in the area.

To make the northern leg an economic proposition it will be necessary to feed in other associated gas from the Murchison and Thistle Fields. Negotiations are far from complete.

If other reserves discovered in the Thistle Field block are developed, the northern leg pipeline might eventually take a peak of about 200m cubic feet of gas a day. More likely production from the Magnus, Murchison and Thistle Fields alone would be 120m-130m cubic feet a day, however.

BP said yesterday that co-ordination of talks over the northern leg gas pipeline depended on the Department and on the British Gas Corporation. There had been no confrontation on the issue. A final decision on the Magnus development is expected by early January.

Another set of negotiations is also in progress for a western leg extension to the Brent gas line, to recover associated gas from fields such as Ninian, Heather and Cormorant.

Approval for the Museum development might take longer. The Department would like to see oil recovered from the Maureen Field by pipeline rather than by offshore loading into tankers.

The Maureen Field alone is not large enough to justify a pipeline link to shore or to existing trunk lines such as BP's Forties line or Occidental's Piper-Claymore pipeline.

In the medium term, other finds in the area might be developed, such as Phillips' Toni-Thelma discovery. But the Department must decide whether to delay developments now or to insist on oil companies' taking on single projects on an uneconmioc basis in the hope that other developments will follow.

Plutonium store site may be in Britain

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN COULD become host nation for the world's first plutonium store under international inspection by the early 1980s.

Energy officials from 21 nations, who met in Vienna this week, are pleased with the progress made at the first meeting which discussed the idea of international plutonium storage as a new safeguard against nuclear proliferation.

They have called another meeting in May, having agreed the basic idea should be developed into proposals to be laid before governments, perhaps in another two years.

They have also agreed that the place for international plutonium stores would be at commercial reprocessing plants for spent nuclear fuel — such as at Windscale in Britain or at La Hague in France — and possibly at fuel fabrications factories.

The meeting followed the circulation, by Dr. Sigvard Eklund, secretary-general of the International Atomic Energy Agency, of a comparative study of plutonium storage and spent fuel storage. The report said international plutonium storage appeared to have signficant advantages over international spent fuel storage.

Britain expressed strong support for international plutonium storage on the basis that, in the case of separated plutonium, something stronger than present safeguards was needed. The UK plan is to work out a practicable storage scheme first, and then to tackle the legal problems — not the other way round.

Countries taking part in the meeting were: Argentina, Australia, Belgium, Brazil, Canada, Denmark, Egypt, Finland, France, West Germany, India, Italy, Japan, Mexico, Netherlands, Pakistan, Poland, Spain, Sweden, UK and the U.S.

The USSR and the EEC attended as observers.

Product liability proposals criticised

By Eric Short

PROPOSALS FOR extending manufacturers' liability for defective products were totally unreasonable, said Sir John Methven, director-general of the Confederaton of British Industry, last night.

He said nobody was denying the public the right to protection from unfair treatment by manufacturers. As the first director general of fair trading, he had spent a lot of time telling the public about their rights in this respect. But the proposals that claimants should no longer have to prove negligence when seeking compensation were short of natural justice.

Under the EEC directive being canvassed, the producer would be liable for damage caused by a defect, whether or not he knew or could have known of the defect. He questioned the reason behind expecting that the producer could have known.

Sir John told the annual dinner of the Association of Insurance and Risk Managers in Industry and Commerce, that he did not accept that the nature and size of the probem had been adequately defined. The numbers involved were certainly small and he questioned the justification of any change in the law.

Whatever happened, Sir John pointed out that business and industry would have to bear the costs, so the consumer would pay more and British goods would become less competitive abroad.

He urged the Government and industry to act together to fix standards of safety and manufacture.

Mr. Dennis Farthing, chairman of the association, referred to the unwillingness of the London company market generally to provide manufacturers, particularly multinationals, with the insurance they needed and which they found best suited their needs. The result was that good and profitable insurance business was leaving the London market for overseas insurers.

One in two houses has central heating

BY MAURICE SAMUELSON

MORE THAN half the households in Britain have central heating, well over half have telephones and cars, and three-quarters have a washing machine, according to a survey of family expenditure by the Department of Employment.

It is the first time that more than half the households have had central heating, according to the survey of last year's spending, which puts the proportion at 50.8, a rise of 3.7 per cent over 1976.

Households' spending increased last year by an average of £10.14 a week, or 16.4 per cent, to reach £71.84 a week. Average gross household income was £93 per wek, £75.27 net after deductions for tax and national insurance contributions. This is an increase of about £9.50 on 1976, or 14¼ per cent.

Other findings, based on a sample of more than 7,000 households nationwide, are that average expenditure by London households was slightly more than £80 a wek, 11¼ per cent higher than the national average. The proportion spent on housing in Greater London was more than 17 per cent of total expenditure, compared with 14 per cent in rural areas.

More than half the sample—50.7 per cent—either owned or were buying their homes, showing little change from 1976.

Yorkshire and Humberside spent most on fish and chips. Northern Ireland households spent most on fuel, light and power.

People aged 65 or over, living on their own, spent on average about £26 a week, but almost 38 per cent went on housing and fuel, compared with 20 per cent in the average household.

Family Expenditure Survey, 1977. SO; £4.75.

Government may act to save jobs at Marathon

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT is considering taking a speculative risk to save jobs at Marathon Shipbuilders's oil rig construction yard on the Clyde: for the second time in two years.

Although it is not prepared to go as far as it did in 1976 when, through the British National Oil Corporation, it ordered a rig which was later sold to Penrod Drilling, the Government does not want to see the yard close.

Ministers and officials of the Energy Department and the Scottish Economic Planning Department have approached BNOC, British Gas and the National Coal Board to ask them to consider placing a joint order.

They were told the Government—probably through the Industry Act—will underwrite losses on the rig for periods when the three nationalised corporations are unable to use it or find outside charters.

The plan is still in its early stages and has not been considered by the individual boards.

Mr. Ian Clark, executive director of BNOC said the corporation had told the Government it would not be in its commercial interests to buy a rig alone. However, it might be feasible with other bodies.

Marathon, which is U.S. owned, was set up with the help of a £6m Government loan in the former John Brown shipyard, following the sit-in at the collapsed Upper Clyde Shipbuilders.

It has built nine three-leg jack-up rigs, which cost between £14m and £19m.

The yard is now finishing work on a second rig for Penrod and has been unable to find further orders.

Redundancies among the 1,100 workers were to have started next week, but have been delayed until after the New Year at the prompting of trades unions who have been lobbying the Government to save the yard.

The Scottish Office is anxious to avoid further unemployment on Clydebank, which has been severely hit by closures and lay-offs, and the Energy Department wants to preserve British expertise in the building of jack-up rigs. However, the renewed crisis at the yard has raised the problem of its long-term future.

Marathon's rigs are suitable only for shallow water drilling and so are of no use on North Sea oil fields. BNOC and British Gas would be able to use them in the English Channel, where they have been allocated adjacent blocks, off the west coasts of England and Wales and on the southern North Sea gas fields.

The Coal Board would have least use for a rig. It presently uses ships owned by Wimpey sealab for its programme of offshore drilling for coal.

Big increase in office building in South-east

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

NEW OFFICE development has increased greatly in the South-east, according to figures published yesterday.

The Environment Department's review of Office Development Permits issued during the third quarter of 1978 shows that it granted permission for building 6.2m sq ft of offices, compared with 3m sq ft in the third quarter of 1977, and a quarterly average of 3.5m sq ft for 1977 as a whole.

Office Development Permits are required for building any office of more than 30,000 sq ft in the Greater London and South-east region.

In the third quarter of 1978, 54 such permits were issued, 23 more than in the corresponding period in 1977.

Seventeen related to office schemes in central London totalling 3m sq ft, 20 were granted for 1.6m sq ft of new building in the Greater London area and the rest, covering the South-east apart from the capital, added up to a further 1.1m sq ft of office developments.

Guernsey Airlines flights start

A NEW Guernsey-based air carrier, Guernsey Airlines, has started operations. It is an offshoot of the East Midlands company Alidair, whose chairman, Capt. Roger Dadd, lives in Guernsey. The airline will concentrate initially on passenger charter flights between the Channel Islands, the UK and the Continent.

Aircraft from Alidair's fleet of five Viscounts will be available as a back-up to Guernsey Airlines, which is expected to become self-supporting in about two years.

Capt. Dadd said the company was studying the possibility of operating scheduled services from Guernsey.

Meanwhile a "substantial amount" of charter work had been secured for the coming year including a contract worth £43,000 for a French tour operator.

Project will study rural problems

A TWO-YEAR project costing £55,000 is to study the relationship between national parks policy and rural community needs.

The study, announced yesterday, will be sponsored by the Countryside Commission, Environment Department, Ministry of Agriculture, Fisheries and Food and the English Tourist Board.

Machine tool home orders up 28%

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE STRENGTHENING home market for machine tools is reflected in the latest official figures for the industry published in Trade and Industry today.

The value of new orders for the home market in June to August period was 3 per cent higher than for the previous three month period, while orders on hand were up by 6 per cent. Seasonal factors, however, have to be taken into account during this period.

On the more meaningful 12-month comparison, home order books were 28 per cent higher than a year earlier. The total order book showed an increase of 11 per cent, reflecting the fact that orders on hand for exports in the latest quarter were 12 per cent below the June to August period last year. Orders overall, however, are still showing an increase, after taking price rises into account.

Export orders began to pick up during the latest three-month period under review, with a rise of 6 per cent in net new orders over the previous quarter. This represents an increase in real terms, but Department of Industry officials do not view it as strong enough to establish a firm trend.

The relative strength of the home market comes after rising investment expenditure by industry over the past year, and probably reflects in part the various Government aid schemes to industry, which have helped to bring forward investment.

The recovery in the machine tool industry, reflected in sales 27 per cent higher than 12 months ago, is one of the more marked in the mechanical engineering sector. But it started from a lower trough than for most of the rest of the sector.

Current indications in the industry are that the recovery will begin to level off towards the middle of next year.

BNOC takes majority interest in two North Sea operations

TWO MORE oil companies — Amerada Hess and Texas Eastern — yesterday signed agreements giving the British National Oil Corporation majority participation in those North Sea commercial interests which they hold under first to fourth round licences.

The agreement will give the corporation an option on up to 51 per cent of petroleum production against payment of market price. But the 51 per cent interest will be reduced, where appropriate, to take account of the interests of the British Gas Corporation, which is in partnership with Amerada and Texas Eastern in the North Sea.

The corporation will now become a co-licensee with the two companies and will have an effective voice and vote on all operating committees.

The Department of Energy said yesterday that the corporation had completed the "major task" of negotiating participation agreements with companies that have actual or prospective commercial fields under first to fourth round licences.

It said definitive participation agreements had been signed with a total of 62 companies, providing for majority state participation in all the present commercial fields on the UK continental shelf.

But the Department added that further agreements might have to be negotiated if companies make new commercial discoveries under first to fourth round licences — discoveries not already covered by participation agreements.

Amerada and Texas Eastern have interests in 16 first to fourth round licences. Significant discoveries in which they are associated include the Fulmar (extension), Hutton and North West Hutton oilfields and the Leman Bank, Indefatigable and Rough gasfields. They are also associated in the Beryl and Montrose fields, for which participation agreements were signed earlier this year.

BL sales gain most from Ford dispute

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL WAS the biggest beneficiary in the UK from the Ford strike and in November its share of the car market rose from just under 22 per cent to 29.3 per cent.

Importers also continued to do well and foreign cars took 53.3 per cent of November sales—only slightly below the record 53.8 per cent in August this year. Last November imported cars shared 46.7 per cent of the market.

The statistics from the Society of Motor Manufacturers and Traders issued today, show that many customers are willing to wait for Ford cars. As a result, November registrations, at 100,715, were not so buoyant as in some previous months and showed a 5.24 per cent advance on the same month a year ago.

It is now almost certain that this year's car will not match the 1973 peak of 1.66m but will turn out to be right in line with the society's forecast of around 1.6m.

In the first 11 months, registrations reached 1,530,321—a jump of 21 per cent on the corresponding period of 1977.

Ford's share of the market in November, at 5.82 per cent (down from 28.56 per cent in November 1977), was below that of Datsun, the leading importer with 6.08 per cent (5.21 per cent in November 1977).

Although the other major Japanese importer, Toyota, throttled back on sales in November and saw its market share drop from 2 per cent to 1.42 per cent, total Japanese penetration rose from 9.79 per cent to 10.26 per cent for November and from 10.80 per cent to 11.09 per cent for the 11-month period.

There will have to be a severe fall in sales in December if the Japanese are to keep their market share down to the 10.6 per cent level of last year.

As well as BL—which had six out of the top 10 best-selling models in November, the other two domestic manufacturers, Chrysler and Vauxhall, benefited from the Ford dispute.

Chrysler's market share moved up from 5.44 per cent to 10.23 per cent and helped boost its percentage over the 11 months from 5.89 to 6.93. The group's French-built Horizon is making an impact on the import statistics, as 1,493 were sold in November.

Vauxhall's share was up from 8.87 to 10.47 per cent but over the 11 months its penetration is down from 9.1 to 8.19.

Common Market manufacturers accounted for 35.66 per cent of November sales, against 33 per cent previously. Among those making the greatest strides in percentage terms was Peugeot, which moved up to a 3 per cent market share (from 1.7 last November) and Volkswagen-Audi, up from 3.54 per cent to 5.19 per cent.

The Comecon countries boosted their market share from 1.7 to 3.25 per cent.

The top 10 models in November and unit sales were: 1, BL Marina (6,944); 2, BL Mini (5,871); 3 Vauxhall Chevette (4,227); 4, Vauxhall Cavalier (4,154); 5, BL Allegro (3,907); 6, BL Princess (2,948); 7, Chrysler Alpine (2876); 8, BL Maxi (2,800); 9, Ford Escort (2,792); 10, BL Rover saloon (2,518).

Last November Ford sold 10,000 Cortinas and 8,000 Escorts—an indication of the gap in the market this year.

● The Ford dispute is also reflected in UK vehicle production figures from the Department of Industry today.

The seasonally adjusted output of cars for November was 54,000, a 48 per cent drop from the 104,000 in November last year. The fall in commercial vehicle production was 24.4 per cent between November 1977 and this November, when 22,600 vehicles were produced.

The downturn in car production in November was also affected by the troubles at BL's Drews Lane components plant, which hit output at some Austin Morris factories.

UK CAR REGISTRATIONS

	November				10 months to end of November			
	1978	%	1977	%	1978	%	1977	%
Ford*	5,858	5.82	27,336	28.56	381,897	24.96	324,457	25.60
BL*	29,515	29.31	21,040	21.99	357,517	23.36	308,229	24.35
Vauxhall*	10,548	10.47	8,488	8.87	125,301	8.19	115,208	9.10
Chrysler*	10,299	10.23	5,203	5.44	106,076	6.93	74,540	5.89
Total British	47,071	46.74	51,010	53.30	778,122	50.50	690,990	54.60
Datsun	6,128	6.08	4,989	5.21	99,002	6.47	80,906	6.39
Fiat	5,330	5.29	5,101	5.33	69,418	4.54	63,011	4.98
Renault	5,261	5.22	3,944	4.14	66,340	4.34	53,858	4.26
VW/Audi	5,225	5.19	3,387	3.54	60,397	3.95	43,969	3.47
Total imports†	53,644	53.26	44,609	46.70	752,199	49.15	574,651	45.40

* Includes cars from companies' Continental associates which are not included in total UK figures.

† Includes imports from all sources, including cars from Continental associates of UK companies.

Improved Sunbeam in spring

By Kenneth Gooding

sion of the Chrysler Sunbeam powered by a 2.2 litre Lotus engine will be on the road in Europe by next spring.

Volume production is scheduled for the new year, and a contract between Chrysler UK and Lotus calls for more than 4,000 cars over three years.

Bodies will be built at Linwood and Lotus engines and gearboxes will be fitted to a car which should attract a wide European following.

The price will be between £5,000 and £6,000 and will attack the same market segment as the Ford Mexico.

Pre-production models have been built and are being tested.

Mr. Colin Chapman, chairman of Lotus Cars, said yesterday: "We are pleased to be co-operating with Chrysler over the development and production of this very exciting road car. The combination of the Sunbeam's good road-holding and handling with our power unit makes a very exciting, but refined, small saloon."

Perstorp resin plant running

A PHENOLIC resin plant, the first phase of Perstorp Ferguson's £4m investment programme at Aycliffe, Durham, is on stream.

The second phase, building a moulding compounds plant, is to start immediately and should come on stream in about 15 months. It will provide jobs for 60 people.

Rare stamps fetch £747,430 at Gibbons

THE LONDON salerooms were exceptionally busy yesterday. Perhaps the greatest achievement was at Stanley Gibbons where rare stamps were sold for £747,430, in its most valuable one-day sale ever. The top price was £47,500 for the finest known example of an unused 1861 Cape of Good Hope 4d vermilion error of colour.

One of the world's top ten philatelic rarities—a cover sent to London in 1862 and bearing two of the 4d 1857-59 Ceylon stamps and a 1d deep blue, made £19,000.

The same sum secured the five best values on blocks of four of American stamps issued in 1893 to mark the 400th anniversary of the landing of Columbus, while an envelope sent to Bordeaux and bearing an 1848 Mauritius 2d stamp made £18,000. An unused corner block of 18 UK 1841 1 red brown stamps fetched £14,000 from a British collector.

In a sale of Old Master drawings at Sotheby's, which totalled £121,075, the Los Angeles County Museum paid £16,000, plus the 10 per cent buyer's premium, for a study of an allegorical figure of Africa by Carlo Maratta.

A lost chalk drawing by Giovanni Piazzetta of Apollo and other figures sold for £8,800 and an ink drawing of a reclining woman and a youth by Il Parmigianino, unearthed in a Torquay "discovery" event, sold for £3,000.

At Christie's, furniture totalled £286,725 with French dealers very active. The top price was £16,500 for a Louis XIV ormolu mounted barometer and matching thermometer while Gismondi, the Belgian dealer, gave £16,000 for a boulle commode. A Louis XIV marquetry bureau mazarin in the style of A. C. Boulle sold for £12,000, and a polychrome boulle and ebony armoire for £11,500.

At the Wednesday evening auction of contemporary art at Christie's, which made £392,950, Jean Dubuffet's "Banc de Prosperite" sold for £35,000 to a private West German collector.

Roy Lichtenstein's "Modern Painting No. 1" went for £28,000 and Alberto Burri's "Combustione Plastica" for £24,000. A

SALEROOM

BY ANTONY THORNCROFT

Swiss buyer acquired Sam Francis' "Red and Black" for £22,000, and the Piccadilly Gallery of London paid £9,000 for Antoni Tapies' "Incised Arch."

Bonham's achieved its best-ever total of £204,828 in a sale of Victorian paintings with a Dutch river landscape by Charles Leickert selling for £14,000 and "Market Day" by George O'Neill for £10,500. It was sold with the original receipt which showed that it cost £362 10s in 1856. A genuine painting by the famous forger Han van Meegeren of his wife and another woman made £420.

A sleigh, drawn by horse or reindeer, and probably of Eastern European origin, circa 1860, sold for £460 in a sale at Phillips.

In contrast, for the more elegant traveller, and described as "ideal for the fast moving gentleman," a 1933 Rolls-Royce Phantom II sports limousine by H. J. Mulliner, sold for £15,000. The sale also included a small collection of 29 Victorian cheese dishes which made £173.

Demand for home loans 'will double'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE DEMAND for home loans, already up to £8bn a year, will double in the next five years according to the Provincial Building Society.

Mr. Alan Mason chief general manager of the Provincial, one of the 10 largest UK societies, said in London yesterday, the building society movement would have to maintain its growth to meet the projected level of mortgage demand but that it would not be easy.

He said the growth of societies was "one of the great success stories of the financial world," enabling owner-occupation to rise from 49 per cent to 54 per cent since 1969. But societies could not afford to become complacent and he detected signs that this could be happening.

"We must ask whether we can continue to prosper if we go on operating as we have in the past. The growing use of societies by many investors as quasi-banks has not gone unnoticed by the banks themselves and it is hardly surprising that they are concerned about the competition we now represent.

"I am convinced that the British and American banks are waiting for a suitable opportunity to enter the house purchase market particularly now that the Trustee Savings Banks have declared their home loan services.

"I do not suggest the societies' basic role in the mortgage field will change but I foresee an intensification of competition for the funds we need to finance our lending.

"Societies must maintain their growth but in a far more competitive atmosphere. That, I feel, means change."

Nuclear energy chief criticises Shore

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT would be wrong to single out nuclear energy for special treatment, in terms of public inquiries, on the basis of its safety record or scale of investment, a nuclear industry leader claimed yesterday.

Mr. Con Allday, managing director of British Nuclear Fuels, criticised the suggestion made by Mr. Peter Shore, Environment Secretary, in September, that major nuclear innovations might need a different category of public inquiry from other industrial projects.

Addressing the British Nuclear Energy Society in London, he said that neither in its safety record nor in forecast expenditure was the nuclear industry worse than any other.

He also accused the Government of allowing the nation to squander fossil-fuel resources "unnecessarily and irresponsibly" while neglecting to provide resources to succeed them.

Mr. Allday quoted the Government's own studies to show that "the risks of a major nuclear accident are slight, that the consequences are not likely to be catastrophic, and that other industrial risks are much greater."

Policy

The Energy Department had forecast Britain would spend £20bn on nuclear stations by the end of the century, but the British chemical industry planned to spend £6bn over the next three years, and the estimated expenditure on North Sea oil was £25bn between 1972-85.

Mr. Allday paid tribute to Mr. Shore for the care he had taken to "keep our constitutional procedures and responsibilities correct" in the case of the Windscale inquiry into his company's expansion plans. Policy inquiries, he believed, could contribute to—but not determine—Government policy.

"A policy inquiry can perhaps fulfil in a rather quick and businesslike manner the traditional role of a Royal Commission."

While not suggesting that Royal Commissions could be done done away with, an inquiry could perhaps deal with a policy issue needing a fairly quick decision "and might take cognisance of and produce a feel for public opinion better than could a Royal Commission."

The danger was that vocal minority views were interpreted as public opinion.

The most important function of a policy inquiry was to demonstrate that all aspects of an issue had been aired, debated and tested in public before any decision was taken. But it also acted as a safety valve for opposition. "Much has been made of the value of Windscale in this regard and I think it is important."

Mr. Allday did not believe a decision to go ahead with a demonstration fast breeder reactor represented a major policy step for Britain, but the Government had promised an inquiry.

He would not expect a policy inquiry to precede demonstrations of wave or wind energy. But he would expect close public scrutiny of the "implications, economics, risks and dependability of any proposal to make Britain dependent to any large extent on wind, wave or solar energy."

British Council spends £77m to promote English

THE BRITISH Council spent £77.6m in the year to March 31, 83 per cent of it public money. In the previous year it spent £61.7m.

That emerges from the 1977-78 annual report of the council, which exists to promote the English language abroad and to develop closer cultural relationships with other nations.

The biggest item on the bill was £28.2m spent on scholarships and courses. Salaries and allowances for staff overseas accounted for £17m and for staff in the UK, £10.4m.

The council expects to spend about £93.8m in 1978-79 and £101.2m in 1979-80.

In his introduction to the report, Sir John Llewellyn, director-general, says: "The expansion of revenue-funded teaching of English has enabled us to reach a wider public overseas. New operations have been started or are about to start in Costa Rica, Ecuador, the Federal Republic of Germany, Singapore, Syria and Venezuela."

Education, he adds, is an ever-expanding market "in which we can complement and assist normal trade contacts—as we have long done in relation to the book trade—to the benefit of the overseas customer and the trade itself."

The British Council—Annual Report 1977-78; 10, Spring Gardens, London, S.W.1.

Christmas forecast of bumper wine sales

By Our Consumer Affairs Correspondent

BUMPER CHRISTMAS wine sales were forecast yesterday by the Wine and Spirit Association. Sales in the last quarter of 1978 could reach 200m bottles of wine, compared with about 175m in the last quarter of 1977, the association said yesterday.

The Christmas boom, however, follows slightly depressed autumn wine sales. The association said that the September Customs and Excise statistics for wine duty paid showed an increase of just over 6 per cent compared with 1977.

This is slightly below the moving annual total of more than 7 per cent up on last year, the association pointed out, although total market growth in 1978 is about a fifth more than last year.

Mr. Vincent Larvan, deputy chairman of the association, said: "The sharp rise in August had been expected to carry over its effect into September.

"Wine merchants with reasonable stock levels held back on new orders until October's build-up for the pre-Christmas trade."

But reports reaching the association from all parts of the country indicated that total volume sales would show a substantial advance this year.

"Consumers clearly intend to enjoy Christmas." Research carried out by the association had shown that the light wine sector in particular was proving popular this year.

Agreement on £20m docks plan

By John Brennan, Property Correspondent

AGREEMENT has been reached on plans for a £20m plus redevelopment of 50 acres of Liverpool's South docks.

Mersey Docks and Harbour Company has agreed the terms for a 125 year lease on the site with a consortium of financial institutions backing Gerald Zisman Associates, the development consultants.

Zisman has spent 18 months discussing its plans for the Albert, Salthouse and Canning Docks area south of Pier Head with the dock company.

At this stage, agreement "in principle" has been reached and a formal lease giving the dock company, "continued participation in the increasing benefits from the progressive development of the three docks" is expected to be signed early next year.

This agreement has been made just two months after Merseyside County Council announced plans to buy the whole 400 acre site from the Docks company.

The county council said yesterday that it "is delighted to know of any proposals that are designed to promote private investment in the derelict dock estate."

Yesterday's news of the Zisman Dock Company's agreement will not, however, affect the council's negotiations to acquire the whole of the dockland area.

The development consortium is planning a trade, industrial and export centre. It would take at least five years to complete, and involves filling in the Albert Dock to create car parking, building offices, shops and leisure facilities, and renovating warehouses.

Let private services use Post Office lines—report

BY JOHN LLOYD

COMMERCIAL ENTERPRISES should be allowed to use Post Office lines for private services and more public money should be put into speeding the introduction of networks carrying computer information, the Department of Industry says in a report today.

The recommendations are from the National Committee on Computer Networks, set up in May, 1976, by Mr. Eric Varley, Industry Secretary, to advise him on the need for public computer networks in the UK.

Its report says that the need for a public service is "important and urgent" and that the telecommunications authorities—the Government and the Post Office—must become "enterprising and flexible."

It emphasises that "a more liberal attitude should be taken by the Post Office towards attachments," which include telephone and telex sets. Simpler procedures for approval of equipment should be introduced and the monopoly over the supply of modulator - demodulators (modems) should be ended.

Companies, it adds, should be allowed to bid for licences to operate private services over Post Office lines.

The report recommends establishing a digitally based data network. At present, data transmissions from computers must be translated from digital form to analogue form by a modem before entry into the network, and re-translated where they are received.

Experiment

The new services should provide for circuit switching, leased services and packet switching, in which data is broken down into "packets" and routed through whatever circuits are available.

The Post Office has introduced packet switching experimentally. Circuit switching is the normal method of using one line continuously for one transmission.

However, the report says, the Post Office view is that a full-scale digital network will not be possible until the widespread introduction of the electronic digitally based technology known as "System X," which is to be phased in by the early 1980s.

With those constraints in mind, the report argues that "contributions from national funds should be sought if it can be shown that this would speed the provision and use of these facilities."

To attract increased business use of a data network, it recommends that tariffs should be cheap and unrelated to distance between users in the UK.

The Post Office said last night that while it was required by law, to exercise a monopoly in telecommunications, it issued licences to private companies to operate in those areas where it could not or did not wish to offer a service.

A free market in data transmission would have meant either a jumble of different standards or the large multinational companies imposing their standards, cutting out smaller companies.

Relations with customers were generally good, especially since the corporation had a number of trained personnel up and down the country handling data users' problems. However, there had not yet emerged an identifiable users' group which could frame and present users' demands.

THE FUTURE OF BRITISH SHIPBUILDERS

Continued Government aid needed

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH SHIPBUILDERS' corporate plan makes it clear that whichever option it and the Government choose for the future, there will be heavy costs in terms of financial support and lost jobs.

It points out that between 1972 and 1978, the industry cost the government £201m in direct expenditure and £223m in financing credit to shipowners who ordered ships in British yards.

The industry is expected to continue to depend heavily upon orders from British owners, who provided between 64 and 77 per cent of the work in the past 10 years. Some major companies, such as Cammell Laird, Swan Hunter and Scott Lithgow, have depended almost entirely upon domestic orders.

On the warship side, the Ministry of Defence currently accounts for 82 per cent of the order book, compared with 65 to 70 per cent five years ago.

The domestic market has also accounted recently for almost 90 per cent of British Shipbuilders' marine engine activities and in the ship repair sector, most companies rely on business from British owners, with the exception of Falmouth Dock, 45 per cent of whose work has been for foreign customers.

The plan then takes these sectors separately, describing ranges of options and preferred solutions.

MERCHANT SHIPBUILDING: British Shipbuilders currently employs 33,000 men in the sector with an output capacity of 630,000 compensated gross registered tons a year. Of this 580,000 cgrt comes from the large and medium-sized yards and 50,000 cgrt from the small yards.

Taken as whole, these yards are "among the least productive of major shipbuilding countries," with an output of 16 cgrt per employee per year. This is 50 per cent worse than typical West European ratios and even further behind Scandinavia and Far Eastern performance.

Financial performance has also deteriorated in recent years—with turnover down 16 per cent in constant price terms in the three years before nationalisation in July 1977.

Delivery performance had also deteriorated in the last five years and improvement on delivery times was an important factor in restoring shipowners' confidence.

The Government's requirement to keep losses within £45m this year, and tight overdraft limits, will restrict opportunities to improve efficiency through capital spending, so other means have to be found of securing improvements.

Four options, already widely reported in outline, were considered for the sector, ranging from retaining all existing capacity at an intervention fund cost of £1,185m in the next five years to shutting down all merchant facilities except those required for national strategic purposes at a cost of £183m—but with the loss of 24,000 jobs.

The preferred option strikes middle ground, calling for a 35 per cent reduction in capacity to 430m cgrt in 19801-81, increasing eventually to 480m cgrt. About 12,300 jobs would be lost in merchant building in the next three years and the extra output from 1981-83, when the corporation expects the market to be improving, would be achieved by a 25 per cent improvement in productivity. This is designed to increase British Shipbuilders share of the world market from 3 per cent to 3.3 per cent in 1983.

The intervention fund cost is put at £440m and, although it is not mentioned in the plan, the corporation estimates that another £40m will be needed for redundancy costs.

Although 12,300 jobs would be lost under the selected option, the plan says that 6,000 of these men might be redeployed into warship building and offshore oil work.

A number of external studies of productivity and facilities have been commissioned to assist in the final decisions, which will form the subject of action plans within major production centres.

MR. MIKE CASEY of British Shipbuilders

Recently modernised facilities were likely to be retained and "certain yards with poor facilities and/or performance records have already been identified as having limited potential."

The future of the small yards would be influenced by the corporation's view that no structural world overcapacity exists in this sector. Some facilities would also be kept because they are suitable as back-up warship builders and because they provide scope for diversification.

NAVAL YARDS: The three leading naval yards — Vickers Vosper Thornycroft and Yarrow —have shown growth and profitability in recent years.

Between 1982 and 1983, these three yards expect to receive from the Royal Navy orders for ten destroyer/frigates, nine mine counter measures vessels and six submarines. In addition, there will be contracts for one command cruiser, four destroyer/frigates, one seabed operations vessel and one underwater recovery vessel for the back-up warship yards—Cammell Laird, Swan Hunter and Scott Lithgow.

Export orders are also expected and taking those with a better than 50 per cent chance of success, the plan lists one aircraft carrier, four anti-mine vessels, 26 fast patrol craft, six hovercraft ane one submarine.

Warship yards also need heavy capital investment to meet the needs of a modern navy, but the imposition of overdraft limits on the corporation means that "only expenditure items necessary for health and safety reasons or vital for continuation of business will be allowed in the short term." Postponement of some projects will be necessary in the next two years.

The main schemes affected are a £51m Devonshire Dock development at Vickers, associated with the production of a new conventional submarine and current nuclear submarine; the covering of a dry dock at Yarrow, costing £4.2m, and modernisation at Vosper costing £4.6m.

Although employment is expected to remain constant at about 20,000 in these yards, improvements in productivity are regarded as necessary.

The corporation wants the Government to ease the terms on which it can sell warships abroad.

ENGINE BUILDING: This involves six companies, three on the Clyde and three in the North East, although it has already been announced that Barclay Curle of Clydeside is withdrawing from marine engines to become a general engineering concern.

All these companies, except Hawthorn Leslie, made heavy losses in 1977-78 and, with the exception of J. G. Kincaid, there has been little capital investment. A review of facilities has shown Barclay Curle and Doxford, Wearside, to have the worst equipment.

Three options are put forward: 1 continue with existing overcapacity and existing company structure, giving a financial break-even position; 2, amalgamate Kincaid and Scotts Engineering: allow Hawthorn Leslie to diversify into medium-speed engines, with Clarke and NEM concentrating on Sulzer slow-speed engines, and Doxford continuing to make its own engines; 3, close down Doxford and concentrate Doxford Engine production on Hawthorn Leslie.

SHIP REPAIR: The four major groups—Tyne Shiprepair, River Thames, Vosper and Falmouth—are expected to lose £14.4m this year—a substantial slice of the £45m Government target. British Shipbuilders' companies market share in the UK has fallen from 46 per cent in 1974 to 39 per cent last year. Employment totals 7,500.

The chosen strategy is to continue operation at the six Tyne yards and Brigham and Cowan at Hull. The future of Wallsend Slipway Engineering is to be decided at the end of this year. Capital spending of £6m will be allowed for the Tyne group increase the amount of quay space available.

River Thames Shiprepairers will probably face a more than halving of its 1,100-strong labour force, sale of facilities at Felixstowe, and closure of facilities at Gravesend and Sheerness. It will have a capital budget of £1.5m.

At Vosper Shiprepairers on the South Coast an attempt is being made to buy dry docks leased from the British Transport Docks Board. Capital spending of £4.2m is proposed.

Falmouth Shiprepair has suffered from poor productivity and unstable labour relations and is expected to lose £3.2m on turnover of £6.4m this year.

GENERAL ENGINEERING: This provides 15 per cent of British Shipbuilders turnover and occupies 10 per cent of the labour force. The strategy is to improve co-ordination between companies, to concentrate on high technology activities where possible and to improve productivity.

APPOINTMENTS

BUSINESS AND INVESTMENT OPPORTUNITIES

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

GOLD MINING COMPANIES DIVIDENDS

The following dividends have been declared payable in the currency of the Republic of South Africa, to members registered in the books of the companies concerned at the close of business on Friday, 29th December, 1978, and where applicable, in the case of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited, to persons presenting to the London Bearer Reception Office Coupon No. 87 detached from share warrants to bearer in terms of a notice to be issued by the London Secretaries and published in January 1979.

Name of Company (each incorporated in the Republic of South Africa)	Dividend Number	Per share/unit of stock Cents
Elsburg Gold Mining Co. Ltd.	11	7.5
The Randfontein Estates Gold Mining Co., Witwatersrand, Ltd.	87	250.0
Western Areas Gold Mining Co. Ltd.	27	12.0

The dividends are declared subject to conditions which can be inspected at or obtained from the companies' Johannesburg office or from the office of the London Secretaries (Barnato Brothers Limited of 99, Bishopsgate London EC2M 3XE.

Subject to the said conditions, payment by the London Secretaries and the London Bearer Reception Office will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 29th January, 1979, provided that in the event of the company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants will be posted from either the Johannesburg office or the office of the London Secretaries, as appropriate, on 8th February, 1979.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Share Transfer Books and Registers of Members will be closed from 30th December, 1978, to 5th January, 1979, both days inclusive.

By Order of the Boards,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED,
Secretaries
per: R. B. APPLETON.

Head Offices and Registered Offices:
Consolidated Building,
Corner Fox and Harrison Streets,
P.O. Box 590,
JOHANNESBURG, 2000.
7th December, 1978.

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND

Dividend No. 61 of three per cent for the six months ending December 31, 1978, has been declared payable to stockholders of the six per cent cumulative preference stock who are registered in the books of the company at the close of business on December 22, 1978, and to persons presenting coupon No. 62 detached from stock warrants to bearer. A notice regarding payment of dividends on coupon No. 62 detached from stock warrants to bearer will be published in the Press by the London secretaries of the company on or about December 15, 1978.

The preference stock transfer registers and registers of stockholders will be closed from December 23, 1978 to January 5, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the the transfer secretaries on or about February 15, 1979. Registered preference stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on February 6, 1979 of the rand value of their dividends (less appropriate taxes). Any such preference stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before December 22, 1978.

The effective rate of non-resident shareholders tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By Order of the Board.
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per W. Q. Nicol
Companies Secretary

Head Office:
44 Main Street,
Johannesburg, 2001.
December 8, 1978

ANGLO AMERICAN INVESTMENT TRUST LIMITED

(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND

Dividend No. 48 of three per cent for the six months ending December 31, 1978, has been declared payable to holders of the six per cent cumulative preference shares who are registered in the books of the company at the close of business on December 22, 1978.

The preference share transfer registers and registers of members will be closed from December 23, 1978 to January 5, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about February 15, 1979. Registered preference shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on February 6, 1979 of the rand value of their dividends (less appropriate taxes). Any such preference shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before December 22, 1978.

The effective rate of non-resident shareholders' tax is 14.9204 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per H. J. E. Stanley
Companies Secretary

Head Office:
44 Main Street,
Johannesburg 2001.
December 8, 1978.

UNION DE BANQUES ARABES ET FRANCAISES

U.B.A.F.

US$25,000,000 LOAN 1976/1981

Bondholders are hereby informed that the rate of interest for the six-month period starting on December 5, 1978, and ending June 4, 1979, has been fixed at 12 5/16%.

Coupon No 6 will therefore be payable on June 5, 1979, at a price of US$61.615, equivalent to a 12 5/16% interest on US$1,000.— worked out on the basis of 182/360th.

The Fiscal Agent

CREDIT LYONNAIS-LUXEMBOURG

BRASCAN LIMITED

(Incorporated under the laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of twenty-five cents (25 cents) per share (in United States funds) on the Company's Class A, Class B and Class C Convertible Ordinary Shares without nominal or par value, payable January 31, 1979, to shareholders of record at the close of business on January 1, 1979.

The dividend payable on Class A Convertible Ordinary Shares represented by share warrants to bearer will be paid only against surrender of such bearer warrants (with coupons serial Nos. 154/160, both inclusive, with talons attached) in exchange for bearer International Depositary Receipts issued by Morgan Guaranty Trust Company of New York at Brussels, Belgium, in respect of Class C Convertible Ordinary Shares of the Company or for registered share certificates of the Company. Bearer warrants (with coupons serial Nos. 154/160, both inclusive and talons attached) may be surrendered for exchange to:

CIK
59, Rue de Namur
1000 Brussels
or
Morgan Guaranty Trust Company of New York
35, Avenue des Arts
1040 Brussels

Dated at Toronto, Canada, the 5th day of December, 1978.

By Order of the Board.
L. A. ALLEN, Secretary

The Transfer Agents of the Company are National Trust Company Limited, Toronto, Montreal, Vancouver, Calgary, Winnipeg and Halifax, Canada, and Citibank, N.A., New York, N.Y., U.S.A. Changes of address should be notified promptly to National Trust Company Limited at 21 King Street East, Toronto, Canada M5C 1B3.

UKO INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Interim Dividend, payable on 12th February 1979, is Friday, 22nd December 1978 at noon.

By Order of the Board.
J. F. GITTUS, Secretary.

JARDINE MATHESON AND CO. LIMITED

(Incorporated under the Companies Ordinance, Hong Kong)

INTERIM SCRIP DIVIDEND

The average last dealt price of Jardine, Matheson and Co. Limited's stock units on the Hong Kong Stock Exchange Limited for the five trading days up to and including 6th December 1978 was HKD. 12.12. Thus for the purposes of the company's 1978 Interim Scrip Dividend the number of new stock units which Stockholders will receive will be calculated by multiplying the number of stock units, in respect of which stockholders have not elected to receive cash of HKD. 0.20 per stock unit by the following fraction:

$$\frac{0.20}{12.12}$$

Stockholders' entitlements to fractions of a new stock unit will be aggregated and sold and the net proceeds will be distributed to them.

By way of example, a holder of 1,000 stock units in respect of which he has not elected to receive cash will receive 16 new stock units, and a cash payment representing the net proceeds from the sale of approximately half of one stock unit.

By Order of the Board.
JOHN M. SPENCE,
Acting Company Secretary.

Hong Kong
7th December, 1978.

PUBLIC NOTICE

DUDLEY METROPOLITAN BOROUGH BILLS

£2,100,000 Bills issued 7.12.78, maturing 8.3.79, at 11⅝%. Applications totalled £21,250,000 and there are £4,350,000 Bills outstanding.

LEGAL NOTICE

TRUSTEE FOR THE CREDITORS OF JAMES O'CONNOR & COMPANY THE STOCK EXCHANGE LONDON

In the Matter of the Estate of James O'Connor & Company, declared defaulters on the 19th November, 1973, formerly trading as Stock and Share Brokers of Limerick and Galway and Members of The Irish Stock Exchange, take notice that Richard Arthur Thompson, Trustee for the Creditors by Trust Deed registered in the Central Office of the High Court, Dublin, on 11th December, 1973 declares that the Final Dividend to Creditors will be paid after the expiry of this notice.

Any person or Company who consider they may have a claim against the abovementioned firm, or any partner of the firm, and who have not completed and returned a Form of Assent to the Trust Deed, must lodge their claim by 31st January, 1979.

No claim submitted after 31st January, 1979 will rank for distribution of dividends. Further claims should be forwarded direct to R. A. Thompson, Esq., Trustee for the Creditors of James O'Connor & Company, The Stock Exchange, London EC2N 1HP, or David Ensor, Esq., Messrs. Eugene F. Collins & Son, 61, Fitzwilliam Square, Dublin 2.

PUBLIC NOTICE

BARNSLEY METROPOLITAN BOROUGH COUNCIL

£1m Bills, issued 6th December, due 7th March, 1979, at 11⅞%. Applications totalled £4m. £2.2m Bills outstanding.

THE FIFE REGIONAL COUNCIL BILLS

£2,000,000 Bills, issued 6.12.78, maturing 7.3.79, at 11⅞%. Applications totalled £14,000,000 and there are £4,000,000 Bills outstanding.

PARLIAMENTARY NOTICES

In Parliament Session 1978-79
THE VAN DIEMEN'S LAND COMPANY

NOTICE IS HEREBY GIVEN that application is being made to Parliament in the present Session by The Van Diemen's Land Company (hereinafter referred to as "the Company") for leave to introduce a Bill (hereinafter referred to as "the Bill") for purposes of which the following is a concise summary:—

To confer additional powers on the Company and to make further provision for the regulation and management of the Company and to amend the Royal Charter or Letters Patent granted to the Company on 10th November 1825 and The Van Diemen's Land Company's Act 1825 to 1916.

On and after 4th December 1978 a copy of the Bill may be inspected and copies thereof obtained at a reasonable price at the offices of the undermentioned Solicitors and Parliamentary Agents.

Objection to the Bill may be made by depositing a Petition against it in either or both Houses of Parliament. The latest date for the deposit of such a Petition in the First House will be 6th February 1979 if the Bill originates in the House of Lords or 30th January 1979 if it originates in the House of Commons. Further information may be obtained from the Private Bill Office of the House of Commons or the undersigned Parliamentary Agents.

Dated this first day of December 1978.
Travers Smith, Braithwaite & Co.,
6 Snow Hill,
London EC1A 2AL.
Solicitors.
Martin & Co.,
1 Dean Farrar Street,
Westminster
London SW1H 0DY.
Parliamentary Agents.

IN PARLIAMENT SESSION 1978-79
UNIVERSITY COLLEGE LONDON

NOTICE IS HEREBY GIVEN that application has been made to Parliament in the present Session by the University of London (hereinafter referred to as "the University"), the Council of University College London (hereinafter referred to as "the College") and the Council of University College Hospital Medical School (hereinafter referred to as "the School") for leave to introduce a Bill (hereinafter referred to as "the Bill") under the above name or short title for purposes of which the following is a concise summary:

1. To transfer to the College certain freehold and leasehold property of the University.

2. To transfer certain trust property from the University to the College upon the same trusts.

3. To transfer to the College all debts and liabilities of the University in relation to the College.

4. To enact provisions to secure that agreements, appointments awards, contracts, deeds etc. existing in favour of or against the University in relation to the College are transferred to the College.

5. To provide that any scheme, will, deed or other instrument containing any bequest, gift or trust in favour of University of London, University College or of the University in relation to the College or other benefit shall continue and have effect in favour of the College.

6. To provide for the repeal of certain provisions of the University College London (Transfer) Act 1905.

7. To enact provisions relating to the University College Pool of Investments.

8. To provide that on the 1st October 1979 the School shall be amalgamated with the College and all property, real and personal of every description of the School shall be vested in, and all rights and privileges of the School exercisable by, the College.

9. To transfer all debts and liabilities of the School to the College and any bequest, gift or trust in favour of the School shall continue and have effect in favour of the College.

10. To enact provisions to secure that agreements awards, contracts, deeds and other instruments existing in favour of or against the School shall continue and may be carried into effect and enforced by or in favour of or against the College.

Plans showing the lands vested in the University for the purpose of or in relation to the College have been deposited in the office of the Clerk of the Parliaments, House of Lords and in the Private Bill Office, House of Commons and at the offices of the Bursar of the College and at the offices of the undermentioned Parliamentary Agents.

On and after the 4th December 1978 a copy of the said plans may be inspected during all reasonable hours of the day at the offices of the Bursar of the College and at the offices of the undermentioned Parliamentary Agents.

On and after the 4th December 1978 a copy of the Bill may be inspected and copies thereof obtained at the price of 35p each at the offices of the Academic Registrar at the University, the offices of the Academic Division of the College, at the offices of the Secretary of the School and at the offices of the undermentioned Parliamentary Agents.

Objection to the Bill may be made by depositing a Petition against it in Parliament. The latest date for the deposit of such a Petition in the First House will be 6th February 1979 if it originates in the House of Lords, or 30th January 1979 if it originates in the House of Commons. Further information may be obtained from the Private Bill Office of the House of Commons or the undermentioned Parliamentary Agents.

Dated this 1st day of December 1978.
SHARPE, PRITCHARD & CO.,
Queen Annes Chambers,
28 Broadway,
WESTMINSTER,
London SW1H 9JX.
Parliamentary Agents.

LEGAL NOTICE

No. 003907 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WARREN AND VALLEY LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 28th day of November 1978, presented to the said Court by GKN INTERNATIONAL TRADING (LONDON) LIMITED whose registered office is situate at GKN Group Head Office, Smethwick, Warley, West Midlands, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 15th day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CLIFFORD-TURNER,
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm or his or their solicitor (if any) and must be served or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of January 1979.

APPOINTMENTS

Tarmac director for Nigeria

TARMAC main board director Mr. Peter Woodman has been given full executive responsibility for the company's activities in Nigeria. This includes implementation of the complex agreement to dispose of Tarmac's equity in its subsidiary, Cubitts International.

Mr. Woodman led the recent negotiations with a Middle East consortium regarding the sale of Cubitts International, the company which holds Tarmac's shareholding in Cubitts Nigeria. Tarmac has made a £16m provision against losses in Cubitts Nigeria. Under the agreement Tarmac will remain in Nigeria as management contractors on a fee basis.

Mr. Woodman joined Tarmac in 1970 from George Wimpey. He will continue with his main board responsibilities for legal matters and the Group's oil exploration interests, but relinquishes his position as company secretary from January 1.

Mr. G. Turner is appointed group company secretary from January 1. At present assistant group company secretary, he joined Tarmac in 1967 to establish a legal department.

★

Mr. G. Meadowcroft has been appointed general manager of ITEL (UK). He was previously general manager of the data systems division of ITT Business Systems UK.

★

Mr. R. T. B. Fellowes has been appointed a director of ASTLEY & PEARCE money brokers, a subsidiary of Gerrard and National Discount Co.

★

Mr. J. A. Logan, president of AJAX MAGNETHERMIC CORPORATION, U.S., has been appointed to the board of Ajax Magnethermic (UK). Both companies are subsidiaries of the Guthrie Corporation.

★

P. C. HENDERSON GROUP announces the appointment of Mr. John E. Dowling as a non-executive director. Mr. Dowling has extensive industrial experience with American and UK companies and their overseas subsidiaries and has recently been appointed director of corporate development of Humphreys & Glasgow.

★

At UNICORN INDUSTRIES INC. and its subsidiary companies in the U.S. the following appointments have been made. Mr. Calvin Foster, general manager, marketing group, Unicorn Industries Inc.; Mr. L. Megas, general manager, Universal Grinding Wheel Co. Inc., Philadelphia, grinding wheel plant; Mr. R. Smith, general manager Universal Grinding Wheel Co. Inc., Salem plant; and Mr. Gregg Lindsay, general manager, Universal Grinding Wheel Co. Inc., diamond product plant (including Unlvel Products).

★

Mr. Michael K. Shaw has been appointed chief executive and group managing director of CLAYTON DEWANDRE GROUP, makers of power braking and other automotive products, in succession to Mr. J. W. Kinchin who retires today having reached normal retirement age.

Mr. Michael K. Shaw

★

Mr. R. E. Smith has resigned his directorship with Sequana Maritime Agencies, and has joined the board of AQUITAINE MARITIME AGENCIES as marketing director.

★

Mr. Harry Bonser, managing director of Michelsons, has been elected chairman of THE TIE MANUFACTURERS' ASSOCIATION, with Mr. Gordon Drew, Welch, Margetson & Co. as vice-chairman. Mr. Drew will continue as the Association's honorary treasurer.

★

When Mr. E. F. Pointon retires on January 31, Mr. P. Howells will succeed him as managing director of TEXACO OVERSEAS TANKSHIPS. He joined Overseas Tankship (UK) in 1959 as second navigating officer and reached his present position of general manager—fleet in 1974.

THOMAS WARRINGTON & SONS LIMITED

General Building and Public Works Contractors
Ellesmere Port

The unaudited results for the six months ended 30th June, 1978 are as follows:—

	1978 £	1977 £
Profit before taxation including £22,000 surplus from the sale of uneconomical investment properties (1977—£12,000)	104,000	91,000
Corporation Tax (estimated)	54,000	47,000
	50,000	44,000
Cost of interim dividend—amount payable	34,981	34,981

The following is a Statement by Brian Warrington, Chairman:—

The Directors have declared an interim dividend of 1.1637p per share (1977—1.1637p). This dividend, with the associated tax credit, is equivalent to 1.7369p per share (1977—1.7632p). It will be paid on the 22nd January, 1979 to shareholders on the register on 22nd December, 1978.

Taking the company's business as a whole I consider the profits for the half year to be reasonable, bearing in mind that they reflect to some extent work taken on at a time when competition, particularly in contracting, was very keen and it was difficult to obtain work at realistic prices. There was an improvement in private house sales during the period under review.

Up to 30th June contracts were secured to the value of £3.1 million and from 1st July until the time of writing further contracts have been obtained to the value of £4.7 million. Although conditions remain very competitive this work should yield improved profit margins.

House sales in the second half of the year continue at a better level, although we find that prospective purchasers are experiencing considerable delays in finalising their mortgage arrangements.

REVLON INTERNATIONAL FINANCE CORPORATION

4¾ per cent. Guaranteed Debentures due 1983

By Supplemental Indenture dated January 9, 1978, Revlon, Inc., formerly the guarantor of the Revlon International Finance Corporation 4¾ per cent. Guaranteed Debentures due 1983 (the "Debentures"), became the direct obligor under the Debentures and assumed the obligation to make all payments of principal, interest and premium, if any, on the Debentures. The Debentures will continue to be listed on the Luxembourg Stock Exchange and will be quoted under the name Revlon International Finance Corporation, followed by the name Revlon, Inc. Any Debenture certificates issued in respect of previously issued Debentures will bear a legend referring to the foregoing.

REVLON, INC.
Irving B. Sunkin
Vice President and Secretary

December 4, 1978

LEGAL NOTICE

In the Matter of CLEARBROOK PROPERTY HOLDINGS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of December, 1978, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned George Frederick Cockerell of Coopers & Lybrand, Abacus House, Gutter Lane, Cheapside, London EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 5th day of December, 1978.
GEORGE F. COCKERELL,
Liquidator.

هكذا من الأصل

هكذا من الأصل

LABOUR NEWS

Times offers to meet printers this weekend

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS management invited National Graphical Association leaders yesterday to join them in talks "without preconditions" this weekend on the industrial relations crisis which led to the suspension of all publication a week ago.

The union's national council said on Wednesday that it would negotiate provided that Times Newspapers dropped a demand that journalists and advertising staff must eventually transmit material directly into a proposed computer-composing system alongside NGA members.

Times Newspapers said that to accept that condition would be to abandon its entire plan for introducing new technology before talks began.

The company said the union recognise the need for negotiations but, with the union determined to resist sharing its monopoly of typesetting with other staff, the exact terms of reference are of great importance.

It is possible that talks will deal first with disputes procedure and other areas that the company has yet to discuss with the NGA, initially leaving aside the sensitive new technology issue.

Lord Thomson of Fleet, president of Times Newspapers, said yesterday that if the company backed down on its requirement that non-NGA staff should share inputting to the computer system it would be foresaking a basic objective. Computerisation was inevitable but its timing might be debated.

Lord Thomson, who has declined to get directly involved in the Times Newspapers negotiations and returns to Canada today, said "Let us forget the past, let us talk now."

Britain was the only place where the International Thomson Organisation faced anarchy in its labour relations and was forced to play Russian roulette.

Asked how long his company would be prepared to sustain the suspension of Times Newspapers, he said: "If we were running any other business than The Times and The Sunday Times I could probably give you an answer and it would be tomorrow."

Leaders of the national strike by 9,000 provincial journalists were told yesterday by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, that his members had been instructed to give them maximum support.

As a result, deliveries of printing ink, newsprint and other supplies are likely to be affected. In some parts of the country, newspapers van drivers belonging to the Society of Graphical and Allied Trades are refusing to cross journalists' picket lines and NGA members are handling only copy processed by editors.

Mr. Ken Ashton, National Union of Journalists general Secretary, said that unless the provincial employers came up with a new pay offer "they are going to start suffering very badly in the next few days."

Journalists at the Press Association, the national news agency, said that more than 100 NUJ members were now on strike in support of the provincial strikers, who are seeking £20 a week pay increases. NGA members at the PA are handling only copy sub-edited by the editor-in-chief.

Bakers' talks adjourned

BY OUR LABOUR STAFF

TALKS AIMED at ending the five-week-old national bread strike were adjourned for the second day in succession last night.

Since Wednesday, employers representatives from the Bakers' Federation and leaders of the Bakers' Food and Allied Workers' Union have spent about 14 hours trying to resolve the pay dispute affecting 26,000 workers employed by Britain's two biggest bread producers.

The two sides, meeting under the auspices of the Advisory Conciliation and Arbitration Service, plan to resume talks this morning after describing discussions so far as "useful."

The union has been demanding a 26 per cent pay increase for bakery workers employed by Ranks Hovis McDougall and Allied Bakeries and has rejected an 11 per cent offer with productivity.

Both sides are under pressure to find a solution in the run-up to Christmas. The number of union members defying the strike call is said to have risen to about 10,000 while the federation members are threatened with some permanent loss of business to the independent bakeries which have increased their output.

The federation members, however, claim to be maintaining between 60 and 65 per cent of normal production.

Why rail men are militant

NEWS ANALYSIS

SOUTHERN REGION

BY NICK GARNETT

FOR THE COMMUTER on Godalming station waiting for the cancelled 7.58 to Guildford, Woking and points north-east to Waterloo, the current series of 24-hour strikes by train drivers produced more painful days of missed appointments and a scramble for alternative transport.

The series of strikes afflicting the Southern Region have been mounted over a particular issue—bonus payments. But it is also typical of the kind of local unofficial industrial action which has branded the Southern drivers as militants.

According to British Rail figures, drivers were involved in only 10 disputes in 1977, and eight so far this year. A recent one-day strike in the south-western section cost £¼m in ticket losses—not a huge figure, given BR's overall revenue.

Blackspot

Nevertheless, the present issue over which the Southern drivers have been striking—the proposed award of special payments only to high speed train drivers—is a national one. Only Southern Region has been on strike, however, and British Rail recognises the area as the worst blackspot for labour relations.

The first obvious point is that Southern handles more commuters than any other region—250,000 people into London and a similar number out every day. With such heavy work loads over short peak periods, any industrial action clearly affects large numbers of rail users.

The second point is the concentration of the rail network. Southern is the smallest of British Rail's five regions in terms of geographic size, but it has about a sixth of the rail network, and operates about a third of BR's daily 16,000-18,000 passenger train services.

Southern—unlike any other area—has a heavy concentration of rail staff. There are five main stations within a small radius in central London, for example, and three a short distance from the capital's centre.

Some management officials will say that this makes it much easier for the more militant members of ASLEF, the drivers' union, not only to tap and express but also to ferment discontent. This would also be the case among the guards who are represented by the National Union of Railwaymen.

The compactness of the Southern rail system certainly has an effect on the workforce. ASLEF officials say there are much tighter family links among the Southern drivers than among those in other regions. There appears to be a feeling of common identity, and this can be translated into a willingness to stop work in support of colleagues.

A third major factor, and the one emphasised by the drivers' union, is the nature of work on the Southern Region.

Southern drivers, and guards work to a rigid "diagram" or timetable, marked by relatively short journeys with frequent stops.

The drivers' union says a driver is normally given 15 minutes from the time he signs on to getting into the cab, half an hour, together with 10 minutes walking time, as a meal break between the third and fifth hour, and 15 minutes again before signing off.

It is the closest thing on the railways to a car factory production line. "It breeds a deep sense of resentment and bitterness against the system and against management," one ASLEF official says.

British Rail says it understands the problem, and recognises that much of these difficulties would be overcome if there were higher payments for all staff.

Stoppages

Problems relating to rostering of jobs—which can acutely affect the amount of overtime available to any one driver—are the most common reason for unofficial stoppages.

A further difficulty for Southern Region drivers is that they cannot normally reach the daily mileage "targets" above which mileage bonuses are paid.

The drivers claim that there has been improved productivity since 1974, with more work in some regions, and the use of new equipment. They say this should be met by special bonus payments for all drivers—not just those of high speed trains operating above 100 mph.

At present drivers throughout BR earn a basic £66.80, with pay supplements average earnings are £92.14.

A fourth factor is almost certainly the history of stoppages since the middle of the last decade. Southern Region drivers came out on strike in 1965 over a proposal to introduce single manning across BR with higher cash payments. Southern Region was already operating single manning, but the drivers still wanted the extra payments.

They won the strike, and some observers say this has given them the confidence, which they have never lost, to take on management.

Mr. Derek Fullick, the executive member for the Southern Region has been accused in the Press and elsewhere of deliberately whipping up militancy among the drivers, and taking a major lead in instigating industrial action.

But Mr. Fullick has always taken the view that he reflects genuine reasons for discontent among a group of ASLEF members who have not only the craft pride of the driver, but also a special relationship with British Rail management.

Post workers' union joins 'free for all'

BY PHILIP BASSETT, LABOUR STAFF

MR. TOM JACKSON, general secretary of the Union of Post Office Workers, one of the staunchest supporters of incomes policy, yesterday reluctantly took his union into the "free for all" of wage bargaining beyond the Government's 5 per cent limit.

Mr. Jackson, this year's TUC chairman, justified the union's 24.4 per cent claim, which it expects will add 3p to first- and second-class postage rates and similar increases to telephone charges, as being "in the interest of the public we serve."

At their annual conference in May, Post Office workers rejected a return to free collective bargaining, and effectively voted for an incomes policy.

But Mr. Jackson, speaking to a special conference of his union at Bournemouth, said: "If there is to be a rat-race, if there is to be a free-for-all, then we must be part of the all."

He said Post Office pay was making recruitment of staff impossible, even with 1.4m unemployed. "So if the scramble takes place and we opt out, we will destroy the service we provide to the community.

"So, not only in our interests, but in the interest of the public we serve, we have no alternative but to try to keep abreast of wages and conditions developments elsewhere."

The claim, which will cover 200,000 workers, consists of an 8 per cent increase on basic rates, an 8 per cent increase in allowances, full consolidation of pay policy supplements, a three-hour reduction in the working. It also includes reduced incremental scales and an escalator clause giving a consolidated 1 per cent for each 1 per cent rise in the Retail Price Index if the index goes beyond 5 per cent in this pay round.

One conference delegate described the claim as "a revolutionary turn in the history of the union," but some sections pressed for it to be increased. A move to increase it to as much as 51.4 per cent, which would add 4.5p to the cost of a letter, was rejected by the conference. The final claim is expected to be formally ratified by the 1,600 delegates today.

Settlement is due on January 1. The union, which is monitoring productivity deals which are leading to increases beyond the five per cent limit, will also negotiate a productivity scheme to run from the same date.

It has agreed a one-off business performance productivity scheme with the Post Office, which will give union members an interim payment of £100 in February on top of their pay settlement, with further payments for some grades at the end of the financial year.

Though union members have won the £100 payments, the scheme has created a degree of bitterness because some senior staff have received as much as £600.

Ministers have approved the scheme, which has been estimated to cost about £35m, as being consistent with pay policy.

City register of microwaves

HEALTH INSPECTORS are to begin routine checks on microwave ovens in restaurants, public houses and cafés in the City of London, where the Corporation is compiling the first local-authority register of microwave equipment.

Dr. Dilwyn Jones, Port and City of London Medical Officer of Health, said that radiation might escape from defective ovens but that no complaints had been received.

Textile pay rise agreed

FIVE PER CENT pay rises on basic rates have been agreed for 8,000 workers in the Yorkshire wool textile industry.

But because of other improved benefits, which could put them in breach of the Government's pay guidelines, the agreement between the British Wool Confederation and the General and Municipal Workers' Union will have to be ratified by the Employment Department.

Other proposals in the agreement, reached in Bradford after long talks, include increases in overtime pay and the payment of £1.70 weekly attendance allowance in an attempt to cut absenteeism.

Mr. Joe Kitchen, the union's regional officer, said he was satisfied the agreement conformed to the Government's pay policy. A working party would be set up early next year to consider extra welfare and sickness benefits.

The agreement covers workers mainly in the combing section, including warehousemen, drivers, technicians and clerical workers. It is backdated to November 16.

State 'interference' attacked

MR. FRED JARVIS, general secretary of the National Union of Teachers, condemned the Government for "interference" over pay yesterday and accused it of "underhand manoeuvres."

Addressing NUT members in Market Harborough, Leicestershire, he said: "By interfering with arbitration carried out by ACAS, the Government is threatening one of its own most positive contributions to industrial relations.

"While public attention has focused on the Government's sanctions against Ford, little has so far been said about the Government's attempt to set aside arbitration awards which employers as well as teachers accepted.

"The Government has threatened to "claw back" what the arbitrators awarded in excess of 10 per cent in the teachers' London allowance and told the employers to renegotiate an arbitration award on residential special schools.

"This is a very serious development which demands a clear and public answer from the Government, and not the underhand manoeuvres we have had till now."

Confusion as Left challenges 'more millions' for defence

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COMMONS was thrown into confusion at the start of the much-heralded sanctions debate last night when Left-wingers held up the proceedings for over an hour with protests about massive Government supplementary estimates for additional spending.

The Left and some other Labour MPs were angry that over £22.5bn in supplementary estimates and votes on account were going through "on the nod" without MPs having the opportunity to debate them.

The Left-wingers were principally annoyed at being denied the opportunity of examining the extra defence spending involving £3.1bn for vote on account and a supplementary estimate of £248.5m.

To show their displeasure, they forced a vote against a Government motion which said that the accounts should be put "forthwith" without MPs being able to debate the details.

A total of 92 Labour MPs voted against the Government's procedural motion but it was carried by a big majority of 246 (338-92). The House then started a series of votes on the five individual estimates.

Oddly enough, the lengthy wrangle worked to the advantage of the Government. It meant that over two hours was taken out of the time left for the debate on a Conservative motion condemning the Government's "Unjust and arbitrary" use of sanctions against industry.

The Government was facing the prospect of bitter criticism from both sides of the House over its use of sanctions to impose the 5 per cent wages policy.

MR. STAN NEWENS

There was also the possibility of a humiliating Government defeat—or at best a narrow escape—on the sanctions issue at the end of the night.

But the revolt was not confined to the Left-wing Tribune Group. Mr. Michael English (Lab., Nottingham West), chairman of the general sub-committee of the Expenditure Committee, also voiced opposition to the Government's behaviour.

"We are now faced with the situation where we are saying that the expenditure of tens of thousands of millions of pounds should not be discussed," he declared.

Rubber stamps

He pointed out that such a situation could not arise in the United States' Congress or in the various Commonwealth legislatures.

One of the leaders of the Labour protest was Mr. Stan Newens (Lab. Harlow). He asked the House: "Are we just to be rubber-stamps who walk through the Lobby to approve huge sums of money without debating them?

"My colleagues and I wish to protest about this state of affairs. We think it is quite outrageous we should be asked to do this."

In particular, he was opposed to having to approve the defence expenditure as part of an overall package, without the opportunity to go into details. If the public knew what was going on, they would say it was a "disgrace," he maintained.

MR. FRANK ALLAUN

He was backed up by Mr. Ian Mikardo (Lab, Bethnal Green and Bow), the veteran Left-winger, who said that the Commons was maintaining less and less control over expenditure year by year.

He challenged MPs to say that any single one of them could put their hands on their hearts and vouch that they knew what every item of expenditure on the list meant.

'Mockery'

It had, he said, been drawn up by accountants and they were adept at disguising things. The estimates were riddled with jargon.

"If this is proper Parliamentary control of expenditure, and if this is proper Parliamentary democracy, then we shall have to do some very fresh thinking, indeed," he went on.

Another leader of the Left-wing attack, Mr. Frank Allaun, argued: "This is Government without explanation, Government by concealment."

He pointed out that there had been no fewer than sixteen supplementary defence estimates over the past five years. To push through these matters without debates was making a mockery of democracy.

Of the other estimates before the House, more than £19bn was accounted for by extra spending on the civil service account.

New plan for Short Brothers approved

By Our Parliamentary Staff

THE GOVERNMENT has approved a new five-year corporate plan for Short Brothers, which will enable the Belfast company to continue its three main activities of aircraft production, manufacture of aero-structures for other companies, and the design and production of guided weapons.

The Government's decision was announced in a Commons answer last night by Mr. Don Concannon, Northern Ireland Minister of State, who said the plan had been prepared by the compan yin conjunction with a firm of international management consultants.

Mr. Concannon said that despite the company's financial losses in recent years, the Government had confidence in its future and planned to invest some £60m up to 1982 to allow a major capital re-equipment programme which, by helping to increase productivity and by expanding the company's technical capability in all areas, should enable the company to achieve a return to profitability by that date.

"The plan recognises the great importance of maintaining good industrial relations, and the necessary changes will be implemented in full consultation with the trade unions concerned, who have already indicated their general satisfaction with the plan."

Mr. Concannon said the workforce at Short's is expected to increase by about 300 to 6,500 by 1982.

'Progress against the corporate plan would be systematically monitored and subject to regular reviews.

The De Lorean Motor Company, which has received government aid totalling over £50m to set up in Northern Ireland, expects to begin car production early in 1980, Mr. Concannon, told the Commons.

He rejected the fears of both Labour and Tory MPs that the car to be made there might prove a failure and said he was quite satisfied with the product.

Mr. Roy Mason, Northern Ireland Secretary, told the Commons that this year 29 American companies had visited Northern Ireland for the first time, compared with two in the whole of last year.

Lamont outlines Tory policy on micro-electronics

BY JOHN LLOYD

SUBSIDIES, and interference in the private sector, were not the ways to stimulate the use of micro-electronics in industry and to boost production, Mr. Norman Lamont, a shadow industry spokesman, said last night.

Mr. Lamont, who was speaking in his Kingston upon Thames constituency, laid out the framework of Conservative Party policy on micro-electronics, while sharply criticising the initiatives announced yesterday by the Prime Minister and by Mr. Eric Varley, the Industry Secretary.

The Government had not addressed the heart of the problem, preferring instead to "grab a few gimmicky headlines" by announcing subsidies.

"To listen to the Prime Minister talk, one would imagine that industrialists needed advice from their political masters to adapt; the impression is left that if it were not for the National Enterprise Board or the National Economic Development Office talks, there would be no British presence in these new industries."

Policies should be built on a number of principles. These are that at least as many jobs could be created as lost, that more jobs will be lost in the public than in the private sector, that subsidy and interference in the private sector are self-defeating, and that barriers to change and mobility would have to be removed, requiring changes in social services, housing, policy and the tax system.

Conservative policies to promote micro-electronics would include:

- Overcoming the "appalling shortage" of skilled labour in British industry.
- Restoration of incentives for management, to tempt entrepreneurs from abroad.
- Encouragement of small firms, the "children" of entrepreneurs.
- Encourament of nationalised industries, particularly the Post Office, to encourage technological change through their ordering policy.

The Post Office should allow a free "interconnect" market (in which apparatus such as phones, telex, etc., could be sold freely), and it was possible that the corporation should be split into separate businesses.

A Conservative government would "review the progress" of Inmos, the company net up by the NEB, with a capitalisation of £50m, to mass produce micro-circuits.

"We remain deeply sceptical of the Inmos venture, but of course if it succeeds we will want to build on it."

We have no option—PM

By Our Parliamentary Staff

BRITAIN HAS no option but to move into micro-electronic technology if it is to compete in world markets, the Prime Minister told MPs in a written answer yesterday.

Commenting on the Government's decision to launch a £100m programme to develop micro-electronics, Mr. Callaghan said the Government recognised that the new technology would involve job losses as a result of higher productivity.

But there will be offsetting gains in producing micro-electronic devices and in the softwear industry; from the production and export of new products and from the general increases in real incomes which mircro-electronics can make possible.

Mr. Callaghan said the main effect of this technology on jobs would be through its impact on the UK's international competitiveness.

Enterprise Board must open books—Thatcher

BY IVOR OWEN

GOVERNMENT PROPOSALS for increasing the borrowing powers of the National Enterprise Board strengthen the case for compelling it to open its books to the House of Commons Public Accounts Committee, Mrs. Margaret Thatcher, the Opposition leader, contended yesterday.

In a question time clash with the Prime Minister, she argued that if Parliament was to exercise proper control over public expenditure, it was essential that the PAC should have access to the accounts of the NEB and the British National Oil Corporation.

Mr. Callaghan agreed to look into the matter to see if there was any prospect of changing existing practice.

The case for ensuring that Parliament is able to obtain more information about the activities of the NEB was supported by Mr. Hugh Jenkins (Lab. Putney).

He recalled that Sir Leslie Murphy, chairman of NEB, had justified the non-disclosure of fuller information on grounds of business confidentiality.

In normal circumstances, said Mr. Jenkins this was widely accepted as a good reason by Conservative MPs, but it was not accepted by Labour backbenchers.

The Prime Minister undertook to consult Mr. Eric Varley, the Industrial Secretary, about all the issues involved.

But he stressed the importance of preserving business confidentiality particularly where the interests of private enterprise companies were concerned.

Mr. Michael Grylls (Con. Surrey NW) argued that it was disgraceful for the Prime Minister to seek to uphold the existing practice on the day that the NEB was asking for another £1bn of taxpayers' money.

'Back farmworkers' call

BY IVOR OWEN

THE PRIME MINISTER was urged to support the farm workers' claim for an increase in excess of 100 per cent.

This course was advocated by Mr. Dennis Skinner (Lab. Bolsover), a member of the Tribune Group, who was recently elected to Labour's National Executive.

With support from other Labour backbenchers who are opposed to the 5 per cent guideline, he described the farm workers' claim as "justifiable."

Mr. Skinner called on Mr. Callaghan to see that the claim was met by the Agricultural Wage Board—"and to hell with sanctions."

The Prime Minister, apparently unmoved when Mr. Skinner sardonically inquired if he had put his "farmer Jim hat on" when confronted by the farm workers lobby in Whitehall earlier in the day, quietly explained some of the considerations involved.

He stressed: "What the Wages Board does is to fix the minimum wage. The actual wages are settled by negotiation on each farm."

Miss Joan Maynard (Lab. Sheffield Brightside), a leader of the National Union of Agricultural Workers and another member of Labour's National Executive, pointed out that 17 per cent of the payments made under the Family Incomes Supplement went to farm workers.

She asked him to meet leaders of the farm workers' union and to take full account of the need to increase domestic food production.

Mr. Callaghan suggested that it would probably be more appropriate for the union leaders to meet Mr. John Silkin, the Minister of Agriculture.

U.S.-style audit committee scheme to be considered

BY PAUL TAYLOR

THE GOVERNMENT is to consider the question of U.S.-style audit committees for large British companies at the Report Stage of the Companies Bill, it was revealed yesterday.

Mr. Branden Rhys Williams (Con., Kensington) yesterday agreed to withdraw his amendment to the Bill—requiring large groups to appoint audit committees—on the assurance of Mr. Robert Maclennan Under-Secretary of State, Prices and Consumer Protection, that the matter would be considered at the Report Stage.

Mr. Williams' amendment required audit committees for all major concerns with net assets of more than £100m and with a workforce of more than 10,000 employees.

He estimated that this would apply to about 250 British companies

£1m expected from scrapping of Ark Royal

By Our Parliamentary Staff

THE GOVERNMENT is expecting to raise more than £1m from the scrapping of HMS Ark Royal, Mr. Patrick Duffy, Navy Under-Secretary, told the Commons last night.

Mr. Duffy said the market for scrap fluctuated and it was difficult to forecast accurately Ark Royal's scrap value. But HMS Eagle had fetched more than £1m.

Bid to bring Girobank under new Bill fails

BY MICHAEL BLANDEN

AN ATTEMPT by the Opposition to bring the National Girobank under the controls imposed by the new Banking Bill was defeated in the Committee stage examination of the legislation yesterday.

Supporting an amendment designed to remove the Giro's exclusion from the Bill's provisions, Mr. Peter Tapsell said its purpose was to ensure that the public sector was included in the proposed new supervisory arrangements.

He argued that it was important to establish the basic principle that all institutions operating under the legislation should be treated in the same way whether they were in the public or the private sector.

Mr. Denzil Davies, Minister of State at the Treasury, said in reply that there was no question of the supervision imposed on the Giro and other excluded organisations such as the Trustee Savings Banks being any less onerous than was imposed on the private sector banks.

In relation to the trustee savings banks, he said that he accepted the principle behind the Opposition amendment but argued that it was too early to bring them into the new supervisory system.

MR. DENZIL DAVIES

By the early 1980s, he said, they should have progressed far enough to be treated as private sector banks within the legislation.

On the Girobank, however, Mr. Davies added that the position was different. It was supervised as stringently if not more so than was proposed for private sector banks.

It was important, since the Giro was backed by public capital, that it should remain accountable to Parliament through the Treasury Ministers.

Mr. Davies also gave an assurance that the Government had no intention of nationalising the building societies, but added that if necessary the Government would act to ensure protection for the societies' depositors.

Commenting on their exclusion from the banking legislation, the Minister pointed out that they were already subject to the supervision of the Chief Registrar of Friendly Societies, who had done the job very well.

In the wake of the Grays Building Society's problems, he recognised that even tight supervision might not avoid occasional difficulties, and pointed out that the building societies were discussing with the Chief Registrar the possible need for a comprehensive deposit protection scheme to protect their investors.

Mr. Davies said that if they could not agree voluntarily on such a scheme the Government's view would be that legislation should be introduced.

PO may market Prestel business terminals

BY JOHN LLOYD

THE POST Office may market business terminals for its Prestel viewdata service, due to go public early next year.

The corporation would market the sets in competition with the manufacturers in the private sector, who are planning small-scale production of the sets.

No final decision on marketing the sets—which would sell initially at about £700—has yet been taken, and it is not known which manufacturer would receive the contract to supply the Post Office with the sets.

At present, three companies—Standard Telephone and Cables, the UK subsidiary of ITT, Pye and the General Electric Company (GEC) are either planning to produce sets early next year, or are producing sets for market trials currently under way.

None of the companies anticipate demand to be more than a few thousand in the first year.

The business Prestel sets are designed to be used on the desk top, and are about the size of a portable typewriter, with a seven-inch screen.

Life assurance often 'baffles the public'

BY ERIC SHORT

MANY PEOPLE do not take out life assurance simply because they find it baffling. This was one of the main conclusions in a report published yesterday and prepared by a leading psychologist for Liberty Life Assurance Company.

The UK life assurance industry has for decades complained that people were underinsured. Yet as the survey said in its introduction, all attempts to bring this home to the public had failed.

The survey covered 1,035 men and women aged between 18 and 57.

It found that 36 per cent had no insurance at all, while a substantial percentage of the remainder had life policies which had a very low payout on death —average £125 per policy.

Most of those with little or no life assurance admitted that they did not understand their life assurance needs and were utterly confused by the policies being marketed. Such people, claimed Mr. Keith Blundel, the manager of Liberty Life, quite reasonably would not buy products they did not understand.

The report called for the setting-up of a working party which would examine ways in which life assurance policies and promotional literature could be presented more simply. Such a body should report its findings to the Department of Trade.

"The Psychology of Life Insurance: £10 from Liberty Life Assurance Company, Kingmaker House, Station Road, New Barnet, Herts EN5 1PH.

Receivers begin attack on 'Romalpa principle'

BY JAMES BARTHOLOMEW

A HEAD-ON attack on the "Romalpa principle" was started by the receivers, of Bond Worth in court yesterday. In the Romalpa case in 1976, a supplier was able to enforce the return of goods from a company which had gone into receivership, claiming that title had not passed to the buyer.

In the Bond Worth case, which began yesterday in front of Mr. Justice Slade, Monsanto is claiming that it retained title to some Acrilan which it sold to Bond Worth.

The case has attracted great interest among accountancy firms which specialise in receiverships. They are anxious that the "Romalpa principle" should be overthrown because it makes their jobs more difficult. Representatives of several firms attended the case yesterday.

There is also some doubt among auditors as to how goods supplied on Romalpa-style contracts should be treated in annual accounts.

The banks, too, would like the Romalpa principle overthrown since it reduces the collateral which is available to support lending to companies.

Mr. Jeremiah Harman QC, speaking yesterday on behalf of the joint receivers and Mr. Christopher Morris and Mr. Anthony Houghton, manager of Touche Ross and Co., said that he would attack the validity of the Romalpa principle in law. But he also intended to fight the case on the basis of the uncertain wording of the contract of sale.

The joint receivers, while wanting to win the case on either ground, said yesterday that they hoped a ruling on the Romalpa question would emerge regardless.

Outlining the facts of the case, Mr. Harman said that Monsanto, the American chemical company, had supplied Bond Worth with just under £600,000 worth of Acrilan, the artificial fibre.

The material was supplied under a contract which included a clause designed to invoke the Romalpa principle.

The clause stated that the risk of the goods was transferred with delivery, but that the equitable and beneficial interest remained with Monsanto until payment was received.

Mr. Harman said he would submit that the Romalpa principle, if applicable, was not valid in law. But in any case, he would also submit that the clause in this particular contract was "so ineptly drafted" as to fail to successfully make the principle apply. "I don't think a lawyer could have drafted this clause," he said.

The court might have to consider how far the purported retention of title by Monsanto could extend, Mr. Harman said. The Acrilan held by Bond Worth when it went into receivership included raw material, fibre in the course of being processed (both with and without being mixed with other materials) and the finished product—carpets.

The question of whether proceeds of sale of all or any of these categories were due to Monsanto could also arise, he said.

The case is expected to last about 10 days, and, then judgment may be reserved. Mr. Raymond Sears, QC, is representing Monsanto, while Mr. Andrew Morritt is representing National Westminster Bank, the largest creditor of Bond Worth.

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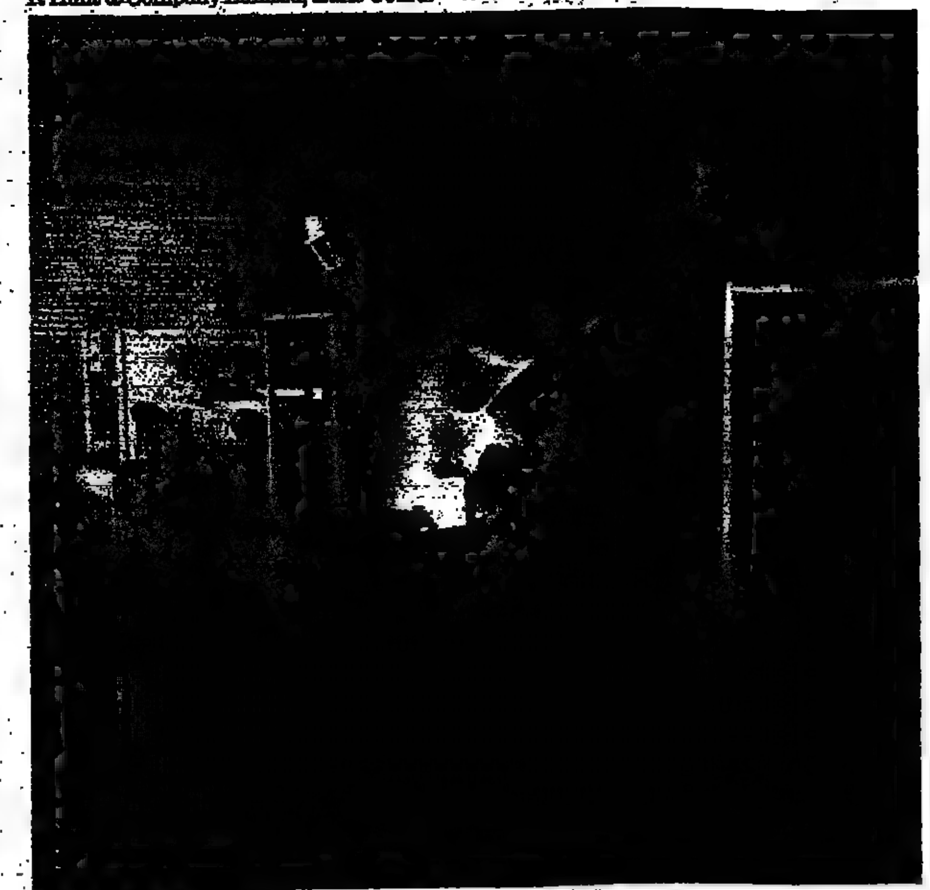

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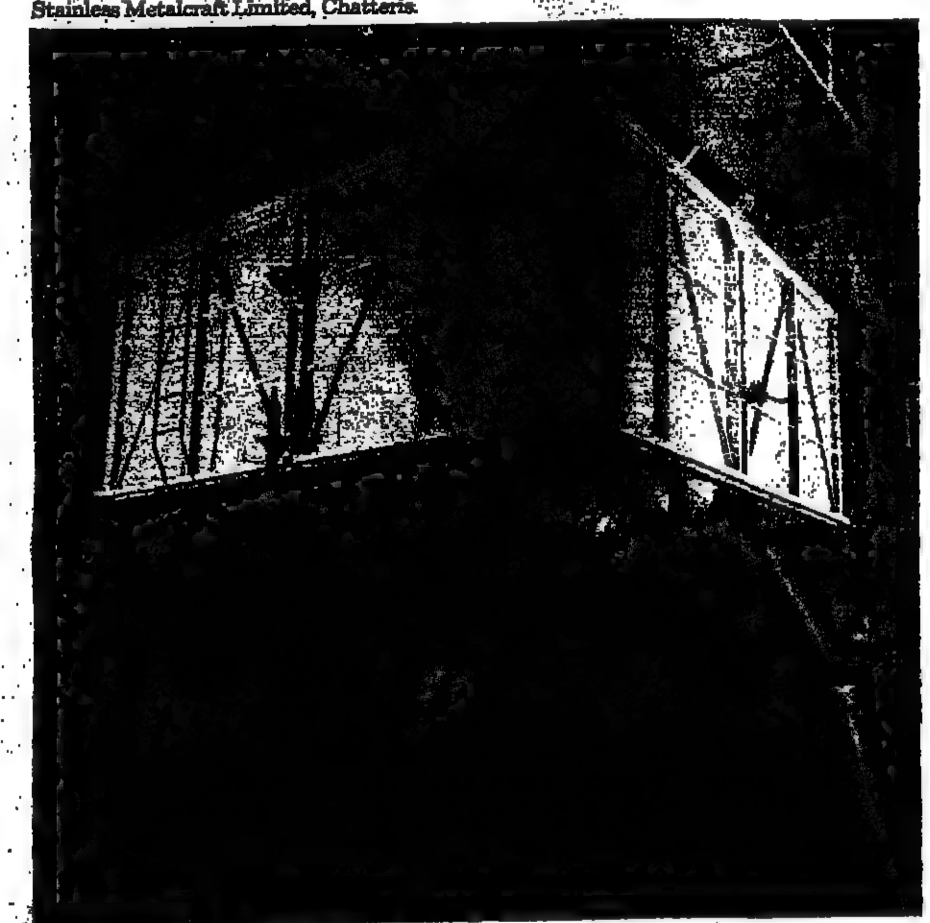

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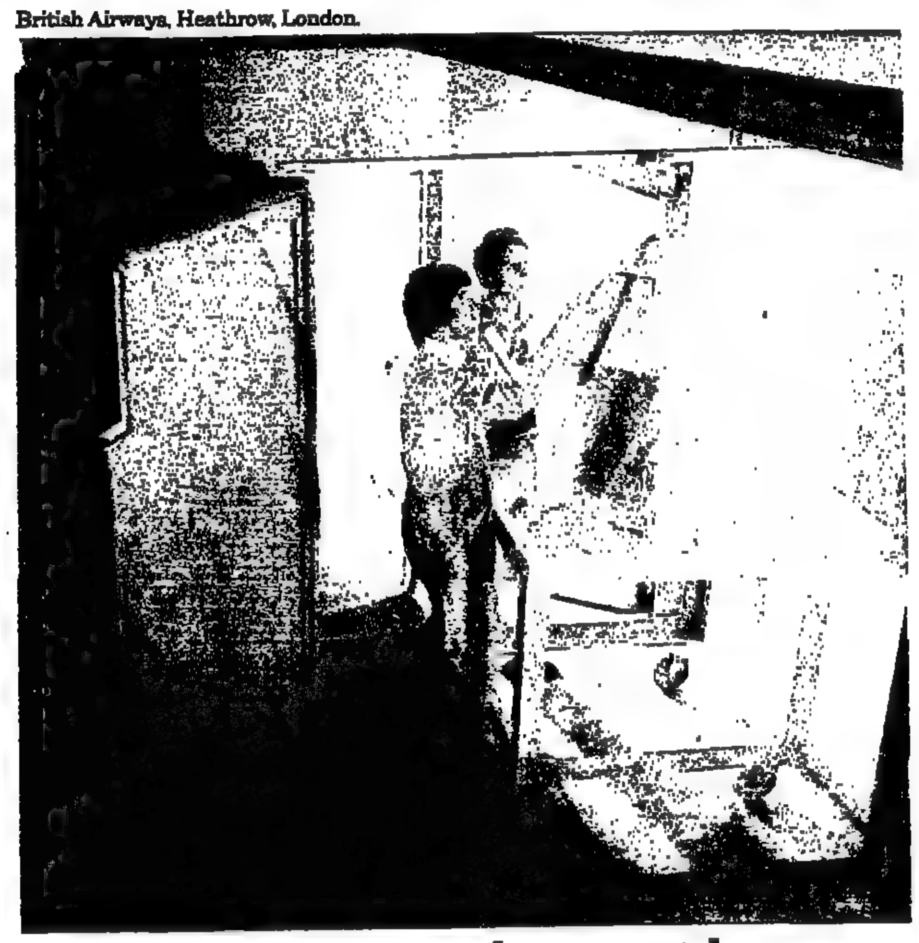

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on pages 34, 35 and 36

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Ion plating advance

METAL PLATING by ion transfer is a novel concept in plating technology, developed originally by Culham Research Laboratories of the Atomic Energy Authority, and now being adapted and marketed for industrial application by Dubilier Scientific.

The equipment efficiently produces ionised beams of high purity within high vacuum installations. Surfaces of components held in the vacuum enclosure are bombarded with ions of a given metal and thus a solid coat of that metal is built up.

Based on work originally carried out for the European Space Agency, the first system for commercial work consists of a *liquid metal gallium source*, and a control unit. Together they provide a stable source of gallium ions at currents ranging from 5 microamps to 100 microamps at energies from 0.1keV to 10keV.

The gallium ion source consists of a heating unit, a reservoir for molten gallium and an anode and cathode mounted on a flange. Gallium ions are emitted from a metal vapour plasma ball at the top of a jet of liquid gallium, the jet being anchored to a needle-shaped anode.

This jet is formed by an intense electric field between the anode and cathode, at a threshold voltage of 4-5kV. The ion source control unit, the DC10-100, provides all the power needed to operate the ion source, with focusing capability. It will also power other metal ion sources now under development.

Dubilier Scientific, Radley Road, Abingdon, Oxon (08692 42035).

● HANDLING

Feeds sticky liquids

ROBNORGANIC which specialises in the formulation and supply of protective coatings for electrical and electronic components, has introduced a linear dispenser for one-part liquid systems that combines accuracy *of shot measurement and placing* with high speed operation.

For users requiring miniature shots — between 5cc and 0.05cc —of a one-part system to be placed with a high degree of accuracy at production-line speeds, the dispenser has precision metering pumps on an indexing table whose positional accuracy is claimed to be better than plus or minus 0.001" (0.025 mm).

All parts in contact with the material dispensed are corrosion-resistant, allowing the machine to be used with silicones, *epoxies, polyesters, polyurethanes*, oils and solder pastes. With many materials the lower limit of shot size is determined only by the viscosity of the material itself, the equipment being capable of handling materials of up to 600 poise.

Robnorganic, Highworth Road, South Marston, Swindon. Stratton St. Margaret (0793-82) 3741.

● DATA PROCESSING

Keyboard controller

CONTROL TAPE SERVICES of Normandy has a micro-processor-controlled processing keyboard for numerical control work.

CTS 763-3 is essentially for NC machine-tool users and can be applied by an operator or engineer for NC tape punching and editing. Standard equipment includes a 45 CPS printer, search facilities for feeds, speeds, tool change commands and a block search capability.

EIA/ISO/MOOG code is available and the inside-out tape spooling feature is a unique method of efficient tape handling. To specify a machine to the customer's individual requirements there is a range of options. They include data transmission facilities, program output keys, automatic sequence numbering and interface circuitry for computer numerical control systems.

Control Tape Services, Glaziers Lane, Normandy, Surrey. (048-642) 2432.

● PACKAGING

Sweets in a stick

PRE-FORMED SWEETS can be individually wrapped, collated into pre-determined quantities and finally emerge in a stick pack which a machine overwraps at speeds in excess of 24,000 pieces an hour says Rose Forgrove, Seacroft, Leeds LS14 2AN.

Individual pieces in a stick can vary from four to 17 and, besides the variation in quantity —which is a mere adjustment of the collator—the machine will alter to change in product size by a substitution of parts.

The machine is called the RP 341 and has a new feed system consisting of a double disc unit with greater number of feed pockets than are generally used, says the company.

This, coupled with tangential alignment of the pockets, greatly increases feeding efficiency. Both discs swing out on one pivot, making end-of-shift care and maintenance a swift and simple task.

● OFFSHORE INDUSTRIES

Economical motors

CARRYING OUT detailed examination of every weld made on a number of North Sea oil or natural gas pipes as they are lowered to the sea bed is X-ray equipment powered by a range of fhp electric motors from the Bodine Electric Company of Chicago, U.S.

The X-ray equipment is mounted within pigs or pipe crawlers, and the motors (mounted within the narrow confines of the crawler) will power a 322 lb load up gradients of as much as 25 degrees.

Reliability of the motors must be absolute, even in the extreme temperatures of the pipe after welding, as any failure with the crawler trapped in the pipeline could result in costly delays.

Modern lay-barges are capable of laying anything up to 2 miles of pipeline a day at a cost of around £5m a mile, and a hiatus could prove financially disastrous to both the inspection company and the pipeline contractor.

A prime feature of the motors is that they run three times as long as competitive units from the same 10S volt nickel cadmium battery pack, says the company.

In addition to the remote crawlers, visual inspection is occasionally carried out by sending a man down the larger pipes. In this event, a Bodine motor is also used to power the vehicle. This is a 42-frame permanent magnet motor driving through 40 : 1 parallel shaft gearbox and producing 180 lbs ins—said to be exceptional for a unit only 21 cms by 12 cms.

With a full load on the trolley, the maximum endurance from the 36 volt battery pack using all other makes of motor has at best been half an hour—in the majority of cases only 20 minutes. When the company's motor was fitted (it claims) the trolley ran for three hours.

Bodine UK Sales Division is at Ridings House, Bakers Lane, Maidenhead, Berks. (0628 27094).

Dredge for rough seas

VOLKER Stevin Dredging, the Dutch marine specialist, is planning a new dredge, the "Stevin 80" and has shown a prototype model to international engineers. The dredge, a multi-purpose semi-submersible, "walking" cutter dredge, is expected to revolutionise dredging technology.

It will be able to work on hard soil under heavy swell conditions. This is a significant advance in dredging capabilities, which will make a substantial impact on the conception and design of major harbour developments throughout the world.

Until now the cutting of hard soil by a conventional floating dredge in exposed waters could only be carried out during rare intervals of calm seas. Such operations were extremely costly and limited in scope. Because of this, new harbours were necessarily sited either in sheltered waters or in softer soil.

Introduction of the "Stevin 80" means the location of the harbour will be governed by the optimum transport pattern. It will be possible to design and build ports in locations which previously were considered unrealistic because of adverse conditions. It will also be possible to dredge harbours at sea without waiting for the construction of breakwaters, an important time-saving factor.

It will also open up new possibilities for pipeline trenching in rough coastal waters and for coastal mining ventures and be used for broadening and deepening shallow or narrow harbours, and for the construction of artificial offshore islands.

Presently under construction, the Stevin 80 will be commissioned by the end of 1979. It will weigh 2.9 metric tons and have a dredging depth of 105 feet.

Displacing imported strip

WEEKLY OUTPUT of up to 28 tonnes of clear, flexible pvc strip could be achieved by an advanced, high capacity extruder, shown here, now operating at the Warmley, Bristol factory of Mavil. This would, by itself, satisfy Britain's market for the strip, making the UK independent of current imports from Europe.

Produced in 200mm, 300mm and 400mm widths, and varying thicknesses, the strip is in growing use for energy-saving and draught-excluding strip doors in industrial and commercial premises. Other expanding applications are in special grades for industrial noise control and anti-flash welding screens.

The £125,000 extrusion facility, supplied by the Italian company, Union, is one of the most up-to-date now operating in the UK. The techniques required for extruding the *large-section* pvc strip have been developed with the help of ICI's Plastics Division, which is supplying the crystal-grade pvc material.

The machine has an unusually large screw diameter (150mm) which allows a very high throughput without high screw speeds or excessive pressures. In addition, the associated equipment includes a pneumatic conveying system for feeding and recycling the pvc granules.

Further details from Mavil, Tower Lane, Warmley, Bristol BS15 2YT. 0272 612255.

● RESEARCH

IBM logic runs faster

EXPERIMENTAL one-micron silicon microcircuit technology that achieves almost a tenfold increase in circuit density over present silicon circuits has been described by IBM scientists. The circuits also switch 3-4 times faster than previous circuits of the same type and dissipate one tenth the power.

These experimental computer circuits are believed to be the smallest silicon logic circuits so far fabricated in large arrays. The technology is capable of producing 256,000 memory locations on a chip, or more than 10,000 logic gates.

Described in a series of five papers at the International Electron Devices meeting in Washington the IBM work has been primarily on a form of metal-oxide-semiconductor field-effect transistor (MOSFET) with polycrystalline silicon gates. Most of the processing technology is applicable to bipolar transistors as well.

Raw switching speed of the MOSFET circuits is 230 picoseconds (trillionths of a second). In a more typical environment, switching speed is 1.1 nanoseconds. Power dissipation is 0.17 milliwatt per logic element. This is unprecedented in silicon FET technology.

The papers reflect several years' work at the IBM Thomas J. Watson Research Center in Yorktown Heights, N.Y. to explore all aspects of shrinking silicon circuits to dimensions of one micron and smaller. Included are device and circuit design, lithography and other fabrication processes, as well as circuit performance.

Studies at liquid nitrogen temperatures (77 degrees Kelvin or minus 196 degrees Centigrade) show that switching should be about three times faster than at room temperature.

All lithography is done on a computer-controlled electron beam system. Lithographic linewidth is controlled to within 0.1 micron, and registration from level to level is better than 0.3 micron. Once a wafer is loaded into the system, exposure is completely automatic. Each chip location has registration marks that emit secondary electrons when accessed by the electron beam. The system recognises this signal and registers the beam for that chip. This automatic registration process at the chip level eliminates the problem—a serious one in other lithographic technologies—of misregistration due to wafer warping and distortion during high-temperature processing.

● MACHINE TOOLS

Small-batch project

AN AUTOMATED small-batch production (ASP) contract has been signed between National Engineering Laboratory (NEL) and The Butler Machine Tool Company in Halifax.

The ASP exercise has been identified by the Mechanical Engineering and Machine Tool Requirements Board (MEMTRB) as representing one of the possible ways in which batch manufacturing industries will progress in the future, following their review of activities abroad —notably Japan, America and Scandinavia.

The contract placed with Butler is for a one-year design study that, if successful, will be part of the UK's answer to competitors.

NEL is operating on behalf of MEMTRB in managing the project and Butler has been chosen because of its high technical involvement and the range of machines currently being manufactured.

Butler Machine Tool Company is a member of the manufacturing division of B. Elliott and Co., at Victoria Place, Halifax, HX1 14ER. Halifax 63198.

● COMPONENTS

See-through hose keeps plant dry

BECAUSE British Steel Corporation's Llanwern steelworks in South Wales was built on reclaimed marshland, the company has a constant battle with the disposal of surface water.

Mobile pumps are used to extract water in emergency situations, such as when flooding occurs in cable tunnels, service tunnels and the storm water drainage system. The suction and delivery hoses used in these particularly tough operational conditions must be able to cope with mud, earth, rocks and foliage.

A steel-reinforced vinyl hose, Italian-made Supavin, has a translucent wall which, says BSC's engineers, has proved an invaluable time-saver in that it allows instant detection of blockages and has such exceptional burst-strength that they expect the hose will last at least half as long again as conventional hoses.

The maker attributes the unusual strength qualities of the hose to its patented manufacturing process which allows both hose and spiral steel wire reinforcement to be extruded together in one continuous length.

Sole UK distributor is Andersons Rubber Co., St. John Street, Bedminster, Bristol (0272 668141).

Switch unit starts soon

A WHOLLY owned subsidiary of C and K Components Inc., Massachusetts, has been set up in the U.K. and in the new year is to undertake assembly of switches for the electronics industry at a production unit in Kettering.

Employing about 100 people, the unit will produce the entire C and K range including sub-miniature toggle, rocker, lever handled, slide and thumbwheel types. Discussions are already under way with piece part manufacturers in the U.K.

To begin with the company will fulfil big export orders since it will provide all the switches normally exported by the parent company from the U.S. to some 23 countries—including Japan and Taiwan.

More from 48 Hazelwood Road, Northampton NN1 1LG (0604 38236).

FINANCIAL TIMES SURVEY

Friday December 8 1978

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Dutch Limburg

Tucked away in the southernmost part of the country, the Dutch province of Limburg and its citizens, with substantial Government help, have vigorously and successfully tackled the problems of industrial decay and high unemployment. Prospects are enhanced by Limburg's location in the industrial heart of the European Community.

A region with fresh roots

By Charles Batchelor
Amsterdam Correspondent

LIMBURG DISGUISES its problems well. The visitor to the south-eastern-most province of the Netherlands by train or car sees a neat countryside which becomes increasingly hilly the further south he goes. He passes the occasional modern factory or chemical plant, and only on the eastern rim of the province do the slag heaps hint at a grimier industrial past.

The provincial capital of Maastricht straddles the Maas, its steep-roofed grey stone buildings looking more Belgian than Dutch. The shopping streets look no less prosperous than those of Rotterdam or The Hague, while well designed housing projects and hotels are being built along the river front.

In fact, Limburg is undergoing the most radical transformation of any area of Holland. In the space of 10 years, between 1965 and 1975, the province's staple activity, coal mining, was shut down completely with the loss of nearly 45,000 jobs—30 per cent of all industrial employment. This has not only meant creating new jobs, it has involved finding a new function for dozens of small communities, clearing the slagheaps, the pitheads and the coke plants, and building roads, schools and hospitals to meet the new needs of the area.

By the early 1960s Limburg's coal mines—owned by private companies and by the state—were no longer competitive. The discovery of huge gas reserves in Groningen provided a cheap alternative, while in the longer term nuclear power was to take over as the major source of energy. The decision, which many now see as having greatly under estimated the difficulties, was taken to shut the mines. Around 80 per cent of the jobs which were axed were in the eastern mining region around Heerlen, putting a particularly heavy burden on a few communities. Much has been done *in the intervening years to give* the region new industries and a new infrastructure.

Despite the enormous loss of employment in mining and directly related industries, and the effects of the wider economic recession, the number of jobs in manufacturing industry rose to 79,300 in 1975 from 73,600 10 years before. Investment incentives in the south of the region helped to create *15,000* new jobs, while in the less badly affected north bonus schemes produced another 6,000. Unemployment is still the highest of any province at 9.8 per cent, however, compared with the national average of 5.3 per cent. To bring local unemployment down to the planned country-wide level in 1980, another 10,000 new jobs must be created. Particular problems faced by Limburg in the creation of new jobs are the large number of older workers and the attractions of high wages over the West German border for many younger people.

A recently published draft bill entitled "perspectives for South Limburg" calls for the strengthening of service industries in the easternmost part of the province, while in the west, around Maastricht, manufacturing industry will be the major creator of jobs. The transfer of Government offices to the area is expected to bring in 2,000 jobs.

Limburg was the birthplace *of the industrial revolution* in Holland around the middle of the last century and it retains a varied industrial structure despite the loss of mining. Chemicals is the largest industrial employer in the area, with around 12,000 employed by the state-owned DSM and another 5,100 in other companies. Metal products manufacturing employs nearly 9,600, while the engineering, electro-chemical and building materials, ceramics and glass sectors employ more than 8,000 each.

Many of the labour-intensive industries which were encouraged to move to Limburg in the 1960s to make use of its large pool of labour have since had to cut back as rising wage costs have reduced their competitiveness. The province is now seeking capital-intensive activities with high added value and low payroll costs.

Limburg has attracted many companies in recent years from the U.S., the UK, West Germany, Belgium, Sweden, Denmark, Switzerland and Japan. The province's promoters think it offers particular advantages to British or U.S. firms seeking a location at the heart of the Continental market. Major British manufacturers with factories in the region include Rank Xerox, GKN Group, J. C. Bamford Excavators, Reed International and Tube Investments. Among U.S. companies with a stake in Limburg are American Metal Climax, Consolidated Foods Corporation, Tenneco Chemicals and Dart Industries.

Limburg's distance from the main Dutch centres of population has been a disadvantage in the past. It was a long way from its markets, from the centres of power and influence and also from Holland's outlets to the sea. It is now projecting itself not as the bottom right-hand corner of the Netherlands *but as the centre of a large area* of wealth and population taking in the Ruhr area, the heavily populated West German Land of North Rhine-Westphalia, the industrial area around Liege in Belgium, Brussels and finally Holland's Randstad. Limburg claims a market of 50m consumers and 150,000 companies within a 140-mile radius of Maastricht airport.

Uncrowded motorways run through the province, while the international road net gives access to Liege and Aachen *within 30 minutes and to* Duesseldorf, Cologne, Brussels and Antwerp within an hour. Fast rail connections link Maastricht with Amsterdam in 2¼ hours and with Rotterdam in two hours. A four-times daily service by KLM's domestic airline NLM, links Maastricht airport with Amsterdam-Schiphol, with the direct flight taking only 40 minutes, while two flights a day link the province with London-Gatwick in 1¾ hours. Passenger traffic aside, the province sees great potential for *Maastricht airport developing as* a freight-handling centre. International airlines already bring loads from Scandinavia, Yugoslavia, Italy, France and the UK by truck to be air-freighted to the Middle and Far East and *West Africa.*

Barge traffic is also important to the area, and work in recent years on the River Maas and the Juliana Canal means Limburg can now be reached by vessels *of up to 2,000* tonnes. Maastricht has direct links with Rotterdam, while Antwerp and Liege are accessible by means of the Albert Canal. The Ministry of Transport is carrying out studies which could lead to Fl 150m (*$75m*) of improvements to the local canal system, parts of which are still limited to 600-tonne vessels.

The size of the problems still facing Limburg led to the setting up of the Limburg Institute for Development and Financing (LIOF) in 1975. LIOF replaced or largely absorbed three previous institutions engaged in the study of the region's problems and in attracting new development. It now groups under one roof all the activities aimed at stimulating industry and advises newcomers and existing companies on their commercial and financial problems. The State and the province of Limburg each have a 34 per cent stake in LIOF, local municipalities have 26 per cent, with the remaining shares held by local chambers of commerce, banks *and companies.*

LIOF can offer subordinated loans, take an equity stake in companies, lease land and buildings and guarantee loans. It can grant up to Fl 25m of risk-bearing capital a year but is *prepared to go above this sum* for really attractive schemes. Its small executive staff of just over 20 means it is able to react quickly to requests for assistance, while at the same time it *has extensive experience of the* problems of the region.

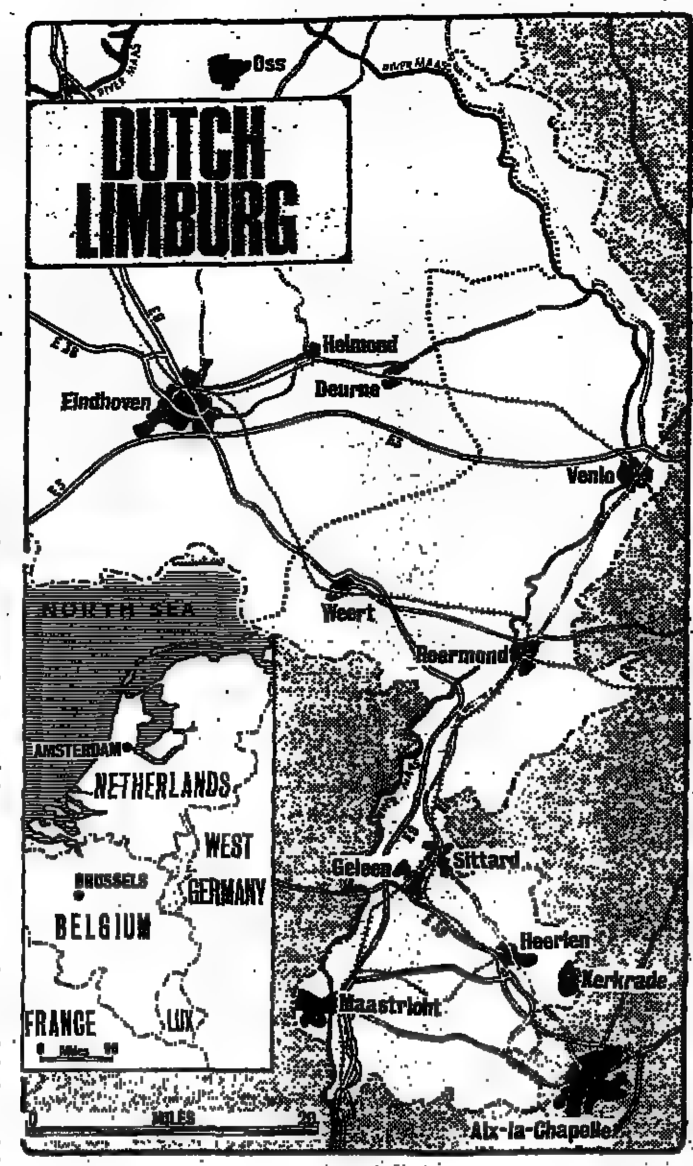
The ability to take equity stakes in companies was granted only 18 months ago but LIOF has already taken shareholdings of between 10-49 per cent in seven companies, including those in printing, electronics and metalworking.

The acquisition team at LIOF sees the closure of the Limburg mining industry as an opportunity rather than as a disaster for the region. As Rotterdam recovered from wartime destruction to become the largest port in the world, so Limburg must use its opportunity to rebuild its industry from scratch. LIOF's increased budget has not been without its problems though. It is free to spend its funds as it wishes as long as it keeps within its statutes. But the need to go back for more funds at the end of each year means in practice that projects have to be approved by the ministeries of economic affairs, finance and social affairs. Since LIOF's funds come largely out of the Economic Ministry's *budget they have to be justified* like any other spending and are subject to the same scrutiny and pressures. LIOF is currently in dispute with the Ministr yabout a Limburg company for which *it sees brighter prospects than do the Ministry's experts.* But LIOF feels it is gradually proving itself and believes its studies of companies in difficulty are of a better quality than those produced by officials *sent out from the Hague.*

Apart from the activities of LIOF large areas of Limburg are eligible for Government regional aid. Holland's scheme of investment incentives has recently been revised. Some of the regions, including Limburg, are to receive extra assistance under the new scheme, while economic growth in the crowded western part of the Netherlands will, it is hoped, be slowed down. A major feature of the new system of incentives is that tax restitution is paid to companies as a negative corporate income tax when there is no tax against which it can be offset. Under the previous scheme loss-making companies gained no benefit from investment incentives.

Holland faces a period of relative austerity as gas revenues declines and its industry fights to retain its position in tough export markets. The problems of regions such as Limburg remain just as pressing, but the available funds will have to be made to go even further. Limburg *is convinced it has plenty* to offer the industrialist though, while the new system of Government incentives shows a willingness to increase support to the regions.

Smooth rebuilding of the economy



OUTWARDLY THE economy of Limburg shows little sign of stress. Designated a special development area with an unemployment rate nearly double the national average—and higher still in some pockets of the north-eastern corner of south Limburg—the province clearly rests in the bottom half of Holland's prosperity league.

Yet the finely tuned social conscience of the Dutch Government and the natural energies of the indigenous population have combined to ensure that economic strain, where it exists, does not intrude upon the visiting eye.

For those with any knowlege of the general run of "depressed areas" within western Europe, Limburg would in fact appear remarkably well-heeled. All is clean serenity in the best Dutch tradition.

By British standards, for example, nearly all of Limburg's urban housing can be claimed to be modern. Shopping centres are lively and well-stocked and the average Limburger bears little resemblance to his often shabbily dressed contemporary in, say, the north-east of England.

The key to social tranquility on this scale is found in the progressive socialism practiced by Holland's political masters at the Hague.

Effectively, unemployment benefits in Holland virtually cover the previous full working wage of the out-of-work for the first year of unemployment. Thereafter, the subsidy reduces but remains strikingly generous.

This extensive redistribution of wealth—courtesy of Holland's relatively high level of taxation—is the obvious starting point to a story of success in skirting industrial unrest.

But if the economy of the region is, to a large extent, propped up by Government hand-outs of one form or another, full praise must be given to the population of Limburg in co-operating magnificently during a period of dramatic social change.

Contained

Today, unemployment in the province is contained at 9.8 per cent despite the fact that the rundown, and eventual closure, of Limburg's once dominant industry — coal, employing something like a third of the total workforce of the province —was squeezed into the ten years up to 1975.

The transition of Limburg's economy can have few parallels in modern history, and probably none in terms of the sheer smoothness of the changeover.

Limburg splits fairly evenly into three geographic blocs, but the whole is dominated by the south of the region. This contains the highest density of population in Holland—if not in Europe—and boasts an employed workforce of around 84,400, compared to 20,100 and 14,800 respectively in the north and central part of the province.

It is the south of the region, which once contained the coal mines, where new industry has put down most roots—attracted by some of the best development area incentives to be found within Europe.

Out of 924 separate companies operating within Limburg, more than two-fifths of them are sited within the southern boundaries. In terms of the spread of employment the region has achieved part of its objective in creating a bias towards the service industries: some 52 per cent of the workforce is tied to this sector with 42 per cent to manufacturing industry and 6 per cent relying on the land for a living.

In this respect, it is interesting to note that just 90 years ago nearly half of the workforce of Limburg was employed in agriculture.

But the Limburg authorities are not convinced that expansion in the service and distribution industries is complete. For Holland as a whole, the employment rate in this sector is closer to 58 per cent, while in the northern region of Limburg, which remains a substantial farming community, the service industries employ just 48 per cent of the working population.

Within this service and distribution framework, the retail, teaching and health care sectors are major components and this largely explains a high level of female employment. Something like two-fifths of those holding down jobs in the service category are women. But industries such as road transport and construction are also major job creators.

The construction industry alone employs a tenth of Limburg's population with perhaps 75 per cent of the figure employed directly and the rest taking part in auxiliary trades like plumbing and electrical work.

Limburg's concentration on the service and distribution end of the industrial spectrum is understandable enough. The region is heavily flanked by manufacturing and mining industry in neighbouring Belgium and West Germany. It has the clearsightedness to recognise that future prosperity lies in exploiting its natural geographic advantage as a potential clearing house for the Common Market. To this end it has laid the essential road network and is close to completing a major expansion of its airport at Maastricht, the provincial capital of Limburg.

By choosing carefully the type of industrial siting it feels it can best accommodate, the province hopes to remain unencumbered and efficient with a manageable working population keen to keep its living standards high.

To this end, the official lead is substantially towards distribution industries via favourable tax incentives for multi-national companies.

The bonded warehouse regulations in Limburg are simple and flexible to the extent that the region is practically a free trade area. This is an important part of the Limburg philosophy.

A bonded warehouse can be built anywhere in the province without official interference. Stocks are not liable to turnover tax or import duties. Moreover, any products produced or assembled under such conditions are equally free of tax and duties, at least when dispatched to non-EEC countries.

Despite high unemployment the region does not seek labour intensive industries. Pieter Niessen, managing director of the Limburg Institute for Development and Finance (LIOF), puts the options succinctly: "Dutch wage costs are relatively high and this restricts the choice.

Success

"We therefore seek high technology-based manufacturing industries of the type already achieving a notable success here."

Some 14 British companies have already set up shop in the region and four more have participations in local companies. Textiles and chemicals are strongly represented through ICI, Laporte, Guthrie Corporation and the Durham Chemical subsidary of Harrison and Crosfield. Rank Xerox has been in Limburg since the early sixties.

Major Dutch industry is represented by DSM, whose mammoth chemical plants straddle parts of the Limburg countryside, as well as companies as diverse as the KNP paper group and OCE, makers of reprographic equipment whose operating profits for the first six months of this year were running some 21 per cent ahead.

Important influences from elsewhere on the Continent come from Volvo in Sweden, which took over the DAF motor operations, and Switzerland's Nestle.

The Swedish parent company controls 55 per cent of Volvo Car BV with the balance of the share capital held by DSM and the National Development Bank.

In Limburg, Volvo operates what must be one of the most up to date car assembly operations in the world. The plant was formally opened in mid-1968 and major extensions—taking total floor space up from 56,000 square metres to 148,000 —came into operation eight years later.

This sort of physical growth comes naturally to the Limburger. At the outset of the economic restructuring in the region the Government laid down an impressive development infrastructure. This included industrial sites on Government-owned and State subsidised land, many of which have necessary utilities already installed.

Jeffrey Brown

Chemicals the linchpin

DSM, the state-owned chemicals concern is the largest commercial company in Limburg and an indispensible part of the region's economy. Its move into chemicals, one of the major growth industries, from the limited perspectives of coal mining gave new life to the province. Coal dominated the economy of large parts of Limburg for the first 60 years of this century, but DSM and those involved in stimulating the development of the region are aware of the danger of chemicals continuing another form of monoculture.

DSM takes its chemicals seriously and has no intention of becoming an American style conglomerate, says Mr. Wim Bogers, president of the Board. It has, nevertheless, expanded up and downstream in the range of chemical processes and developed a variety of related interests. "I would be happy if Limburg could lose its single industry character," he said. "DSM would welcome other medium-sized, or even large firms in the area." They might compete for some of the more skilled members of DSM's 17,000-strong Limburg workforce, but they would remove the burden of it being the most visible means of support for a large area of south-eastern Limburg.

The company was set up with Government funds in 1902 to provide a Dutch counterpart to the privately-owned French, German and Belgian mining concerns active in Limburg. Dutch private investors showed no interest in developing the province's coal resources. DSM expanded and was finally operating four large mines, the slag-heaps of which still dominate the horizon near Heerlen and Geleen. The four private companies produced a quarter of the coal from eight smaller pits and total production from all the mines peaked at 12m tonnes a year in the mid-1960s.

Allowed

A 10-year plan to shut down the coal mines was started by the Government in 1965, but DSM started developing its chemical activities as early as the 1930s. The concessions of bituminous coal which fell to DSM and which were seen as a handicap in the beginning allowed the company to develop downstream processing facilities yielding coke, gas and a wide range of coal chemicals. When DSM's coking plants produced more gas than the company could sell it started extracting hydrogen to use in the synthesis of ammonia, a fertiliser feedstock.

The company is now a broadly-based chemical group with turnover of more than Fl 10bn ($5bn) in 1977 and a worldwide workforce of 33,000, one third of which are employed outside Holland. It produces 86 per cent of its output in Holland, but the home market accounts for only 41 per cent of sales.

It has six divisions. They are chemical products — fertilisers and yarn and fibre feedstocks; plastics — hydrocarbons and polymers: industrial chemicals —resin feedstocks and chemical intermediates; energy—natural gas and mineral oil; plastics processing — packaging materials and consumer goods; building—materials and construction.

The problems of the West European chemicals industry—overcapacity, high costs and low Eastern Bloc prices and barter deals—have not left DSM untouched. But because it is further back up the chemical chain, producing yarn and fibre feedstocks, for example, it has been hit later than concerns such as AKZO, which is heavily involved in yarn and fibre manufacturing. Net profit at DSM has nevertheless fallen sharply in the past three years from the peak of Fl 518m ($256m) in 1974. In 1977 it fell a further 16 per cent to Fl 110m and the company paid no dividend for the first time in 30 years. The workforce of nearly 13,000 in the chemicals sector in Limburg is to be cut back by 2,000 over the next five years because of the problems of fibres, yarns, fertilisers and plastics. Profit in the first half of 1978 was Fl 31m—half the corresponding 1977 figure. DSM expects another difficult year in 1979 when it may make a small loss.

The Fl 6.5bn expansion programme started five years ago is coming to an end. All the major projects will be completed next year. These include an ethylene cracker and a new polyethylene unit in Limburg, second phenol and methanol plants elsewhere in the Netherlands, the caprolactam plant at Nypro in the UK and an ammonia plant in Augusta, Georgia, which has helped make its subsidiary, Nipro in the U.S. DSM's largest single foreign investment.

Despite the sizeable investments abroad in plant essential for local markets DSM remains firmly based in Holland. It aims for a three-way split of its activities between Limburg, the rest of the Netherlands and foreign countries. Where possible it sites new plant at home although this does not mean it will pass up opportunities abroad. Modern communications mean there is no disadvantage to the company's Limburg location. Deliveries to markets outside Europe may have to travel further by barge, lorry or train to Rotterdam for onward shipment, but DSM is ideally situated for its big customers in West Germany and Belgium.

Raw materials are pumped in by a network of trans-Europe pipelines, DSM's own 1.3m tonnes a year pipeline to Rotterdam, the 2.5m tonne (ultimately 10m tonne) capacity PALL pipeline to Antwerp, owned jointly with the Belgian Government, and an ethylene pipeline owned jointly with five West German companies, linking DSM with Antwerp, Rotterdam and the Ruhr valley. Other factors which place Limburg firmly at the heart of DSM's operations are the central laboratories employing 1,300 researchers in Geleen and the company's headquarters in Heerlen.

DSM's policy is to concentrate productive plant in large

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Aid and incentives

THE DUTCH scheme for stimulating investment is undergoing a radical revision. Changes were suggested in June 1976 and were taken up as one of the four main proposals for social and economic reform by the Labour Party dominated Den Uyl Government. That Government fell before the proposals could be implemented and it was left to the current centre-right coalition to steer them through parliament last May.

The necessary mass of detail involved in new legislation of this kind has tended to obscure the essential differences with the previous incentive scheme. The Dutch employers' associations and the Economics Ministry report strong interest, but its significance has not been fully realised abroad, according to some observers.

The most important element in the new investment account law (WIR) is that companies making minimal profits or losses still benefit. Premiums are paid to companies as a negative corporate income tax when there is no tax against which they can be offset. Under the previous scheme, which comprised investment allowances and an accelerated depreciation facility, this was not the case. The Economics Ministry estimates the new scheme will be worth Fl 13bn ($6.5bn) over the next four years, Fl8bn more than previous incentives.

Premiums

The investment account provides for basic premiums of 23 per cent on new business premises, 15 per cent on existing buildings and sea-going ships, 13 per cent for fixed outdoor installations — ranging from a static crane to an oil refinery, 12 per cent on aircraft and seven per cent on other investments. Depending on the business climate and on the unemployment level these rates may be raised or lowered by up to one half of their present level by the Finance Ministry after consultation with the Ministries of Finance and Social Affairs. The minimum investment entitled to these premiums is Fl 2,000.

The new legislation provides extra premiums for small scale projects—up to Fl 800,000, for large scale investments, for investment in areas with special social and economic problems and for the relocation of industry out of the crowded west of the country. Further aid is due to be introduced next year for investment which makes savings on energy and raw materials, resulting in environmental improvements and which aids the development of new technology.

The additional premium for small-scale projects will be allocated on a descending scale. Investments of Fl 2,000-23,300 will be granted a premium of 6 per cent, descending to 5¾ per cent on investments of between Fl 33,000 and Fl 66,600 and on down to ¼ per cent on spending between Fl 766,600 and Fl 800,000.

At the other end of the scale spending of more than Fl 30m —*of which at least Fl 8m must be for newly built business* premises or fixed installations— will receive special support. The premium is Fl 25,000 for each job resulting from spending above Fl 30m, although the extra premium must not exceed 4 per cent of the total investment.

To encourage the movement of industry from crowded Randstad special premiums will be paid to companies which resettle in growth areas such as Zwolle, Breda, Alkmaar, Hoorn, Purmerend and the new Ijsselmeer polder towns of Lelystad and Almere. Up to 15 per cent will be *granted for business buildings and up to 7½ per cent* on fixed outdoor installations.

Limburg is one of the regions to *benefit from the special* supplement for "areas with significant problems." An extra premium of 20 per cent is payable on business buildings and 10 per cent on fixed outdoor installations. In Limburg's eastern mining area the municipalities of Heerlen, Brunssum and Kerkrade, and in the western mining area the district of Sittard, are eligible for these premiums. Other regions covered by this part of the new scheme are parts of the provinces of Groningen, Overijssel, Drenthe and Friesland.

Premiums granted on new investments in the western and central part of the Netherlands will be partly offset by a levy applied under the selective investment regulations (SIR) scheme. The aim is to discourage a further concentration of industry and employment in the most prosperous part of the country. A rate of 15 per cent will be levied on new business buildings where spending exceeds Fl 250,000 while an 8 per cent levy applies to fixed outdoor installations above Fl 500,000. The SIR area comprises the province of North Holland south of a line running *roughly from Bergan aan Zee to* Hoorn, South Holland with the exception of the island of Goeree-Overflakkee, the entire province of Utrecht and Gelderland north of the Lower Rhine and west of the Ijssel.

If assets for which premiums are granted are sold within a certain period a disinvestment payment must be made in the form of extra tax. This payment is the same percentage as that which applied for the original investment premium, calculated on the sales price. The disinvestment period for business buildings is 18 years for fixed outdoor installations 12 years, for aircraft and sea-going vessels years and 10 years for all other investments six years.

In addition to the new special supplement for areas with significant problems the existing *regional investment grant* (IPR) has been maintained. This grant is 15 to 25 per cent depending on the seriousness of the area's problems. The IPR premiums are granted on investment in industry or the services sector in the north-eastern provinces of the Netherlands, in the south of the province of Limburg and in individual towns elsewhere such as Tilburg and Bergen op Zoom.

Choose

Businesses investing in those areas where the 25 per cent premium is available may choose to receive a lower basic premium, of 15 per cent, plus a sum of Fl 12,500 for every permanent job created. The maximum possible grant under the 25 per cent rule is Fl 4m and under the mixed premium Fl 5m. The premium is paid on ground, buildings and machinery. The minimum amount *invested must be* Fl 200,000, of which at least 35 per cent must be financed *from the company's own* resources.

The area of southern Limburg —from Roermond south—is covered by the maximum "IPR" grant—25 per cent for both manufacturing and service industries. In the Roermond and Melick area both categories are eligible for 15 per cent grants, while in Venlo and Venray manufacturing industry only can apply for the 15 per cent premium.

At the insistence of the European Commission a ceiling of 20 per cent of the total investment *has been set on the* amount of aid granted under the premium for regions with *particular problems, the relocation* allowance and the regional investment grant (IPR). The allowances for small-scale projects and for major investments as well as the basic investment account (WIR) premiums are not counted towards this 20 per cent premium however. The Dutch Government has set its own ceiling for all WIR allowances (but excluding IPR allowances) at 50 per cent on buildings and 25 per cent on *installations.*

These incentives do not exhaust aid to industry which also includes high risk credits from the Nationale Investeringsbank, the provision of risk bearing capital to small and medium-sized businesses, financial support for innovations and technical development and training and recruitment benefits. Additionally in the Limburg area, the Limburg Institute for Development and Financing (LIOF) *can grant subordinated* loans, take up share capital, lease land and buildings and *guarantee loans.*

Charles Batchelor

Chemicals

CONTINUED FROM PREVIOUS PAGE

complexes rather than to disperse it over a number of locations. This means it can be flexible in its deployment of manpower while getting tightly integrated routes to its key products. It therefore remains substantially Dutch and Limburg-based. It believes its extensive facilities in south east Limburg *could be expanded* without putting an unacceptable strain on the environment.

Despite being fully nationalised DSM does not see itself as a branch of the Government. "We are totally self-financing (with the exception of increases in share capital) and do not receive any help from the Government." Mr. Bogers said. "*There is no product in which* we have a monopoly and only three of our 12 supervisory board members are civil servants. The other nine are from private industry, the community or the unions. Economic and commercial considerations determine our policies."

In theory the Ministry of Economic Affairs can veto DSM's activities but it never has, nor has it ever pressurised on the company. Mr. Bogers *admits though that one minister*, he declines to say in which government, did try to bring pressure on DSM—without success.

Context

DSM would think very hard before considering opening a plant in say, Argentina, South Africa or any other country disapproved of by the Government. "But any large company investing abroad has to put its policy in a social context," Mr. Bogers said. He does not feel DSM differs from privately owned concerns *in this* respect.

Listed along with DSM's many chemical subsidiaries are its 18 per cent stake in Volvo car and a 25 per cent stake in DAF Trucks. These holdings came about when the former DAF family concern was expanding in Limburg and DSM was looking around for alternative employment for its mine workers. The company does not see itself as acting as a holding company for the state or—in the case of Volvo Car—as a supporter of lame ducks. When the Dutch Government increased its holding in Volvo Car earlier this year the shares were lodged with the *Nationale* Investeringsbank and not with DSM.

"*Privately-owned* companies found us hard to understand at first," Mr. Bogers said. "The fact that we made profits disproved the theory that state-owned companies were backward. But other companies are *happy to work with us and we* are involved in many joint ventures. There was a feeling that we were different in the beginning but that has now disappeared."

C.B.

Provincial capital well sited

ON THE map, Maastricht appears curiously isolated for a provincial capital. The town is tucked into the south western boundary of Limburg with the greater part of its 110,000 population wedged between the Belgian border and the wide, free flowing waters of the river Maas. There are few points seemingly more removed from the centre of the province.

But reality is not always to be found on the map, and the visitor soon discovers that Maastricht could not, in fact, be more systematically interwoven with the region over which it presides. The point is equally valid for neighbouring Belgium and West Germany with which Limburg shares a border some 129 miles long. Over half of this fronts on to the heavily industrialised region of North Rhine-Westphalia. The rest servces as a formality-free frontier with Belgian Limburg and the province of Liege.

Thus the boast that Maastricht sits at the crossroads of the Common Market is not made idly. A radius of some 75 miles from the town takes in the major West German cities of Aachen, Cologne, Bonn and Dusseldorf. In Belgium, Liege, Antwerp and Brussels all fall within the same boundary while directly to the north in Holland lies Eindhoven, home of the Philips electronics empire.

South Limburg is the most densely populated region of Holland—and probably Europe—and extending the theoretical radius out to, say, 140 miles of Maastricht drags something like 50m consumers into the net plus around 150,000 separate companies. The wealth therein, and these consumers are possibly the richest in the world, is duly reflected in the high level of communications infrastructure found within the area.

For its part, Maastricht is most efficiently served with roads and waterways plus rail and air links. Extensive construction by the Dutch Government in recent years has provided south Limburg with a rich heritage of modern roads. The E9 motorway runs through the eastern outskirts of Maastricht connecting the northern ports of Holland with the Belgian city of Liege. Running east-west of Maastricht is the E39 motorway linking Antwerp with Aachen before moving on to Cologne. Roads linking northern France to the Ruhr valley in West Germany pass just to the north of the provincial capital.

Trains leave Maastricht station every hour linking with Amsterdam in 2½ hours, or less. Main lines are electrified and the passenger service is fast and reliable, and not expensive by UK standards let alone Dutch. By the same token, major improvements to the Maas and to the Juliana Canal have, in recent years, greatly increased the efficiency of the waterways. Both the river and the canal now carry a large variety of commodities. From the Roman bridge (rebuilt after the war and still so-called) linkink the two sides of Maastricht, elderly Limburgers spend many a sunny hour watching the progress of a truly working river.

Barges with a maximum draught of around 9 ft can make rapid progress to Rotterdam and, going south through the sluice gate at Ternaaien, can join the Albert Canal which links with Antwerp and Liege. Navigable by the largest inland water vessels, the Maas connects the Dutch seaports and the river Rhine to the industrial districts of Liege and Lorraine.

Some five miles north of Maastricht and laying beside the E9 motorway is Limburg's only airport of international status. A large area of Belgium and West Germany is served as well as southern Holland, and Maastricht operates four flights a day to Amsterdam. There are also two flights daily to London (Gatwick) via a stop over in Eindhoven.

In recent years Maastricht air terminal has expanded rapidly in freight transport as shippers and forwarding agents have taken advantage of Limburg's favourable customs regulations. Free of import duties and turnover tax, bonded warehouses in Limburg allow cargo speedy access and exit, a process which at Maastricht airport is enhanced by the lack of mass passenger traffic.

Over the next 20 years the airport authorities expect the terminal to grow dramatically if Maastricht can achieve its ambition to become a major service and distribution centre for the Common Market. Next year could well see the unveiling of the first five year development plan for the terminal, involving a massive increase in bonded warehousing, addition parking space and easier access to the airport's road links. Eventually the existing 8,300 ft runway could be extended to 10,000 ft.

If Maastricht has an industrial quarter in a manufacturing sense it lies between the town centre and the airport. The more established industries centre on ceramics but cement and paper making plants are also to be found, as well as a number of medium sized factories engaged in light industry. But the amount of industry directly attached to Maastricht remains modest given the way Limburg's development area status has opened up extensive greenfield industrial sites elsewhere in the province.

Because of this and owing to the high level of preservation undertaken by the local community Maastricht retains an air of timelessness. The mixture of old and new buildings is a quite remarkable piece of architectural alchemy with the effects most notable along the river and in the older, once slum area of the town. The latter is now one of Masstricht's more chic shopping districts where the casual visitor can find it hard to believe that here are many 20th century buildings.

Retailing is clearly an important element of the town economy and many of Maastricht's shops, though small in keeping with the narrow streets, would not disgrace the more fashionable areas of London. Market days generate an enormous influx of one-day shoppers, many from Belgium and West Germany, and the retailing community of Maastricht responds to the callenge. But if there is a bias it is towards the discerning shopper, and the high added value level of the trade is reflected in the number of foreign shops setting up residence. Maastricht even has its own Laura Ashley.

Jeffrey Brown

Popular resort for holidays at home

HOLIDAYS AT home to the Dutch mean either a trip to the coastal resorts of the north or a gentle train ride south to the wooded, hilly regions of Limburg. Those opting for the latter are rarely disappointed. The southern half of Limbeurg contains some of the most delightful countryside in the Netherlands which, combined with a temporate climate, makes the region an ideal place for the family holiday.

The tradition in Holland is long held, and if the sunny shores of the Mediterranean have in recent years made substantial inroads into the habit, tourism remains an important and integral part of the life of the region. The season is short, however. Attempts are being made to attract spring and autumn custom via out of season package deals, but the problem of what to do with an hotel for some nine months of the year remains a constant headache to the local tourist associations.

These are widely spread with nearly all towns having their own branch of the National Tourist Office. At the last count there were something like 40 in Limburg surviving largely on State money but managing a respectable level of self-generated finance. The local branch at Maastricht, perched conveniently at the western end of the Roman bridge over the Maas, is able to cover around a quarter of its overheads from the sale maps, guide books and souvenirs.

The main centres for the holiday trade are the towns of Valkenburg and Maastricht, the provincial capital. The former could be described as little more than an enlarged village situated in the very heart of what south Limburg is famous for — deeply wooded hills and houses of historic and pleasing character. Camping, walking, bicycling and games like tennis abound in and around. Valkenburg during the summer months, and the town is equally an ideal base for a motoring holiday. Once the local delights have been exhausted the tourist can foray into Belgium and West Germany. In particular, the cities of Liege and Cologne are within an easy one-day return driving distance.

During its short summer season, the population of Valkenburg doubles to around 30,000 as visitors flock in. Caravanning is popular but the town's many hotels and boarding houses still experience a very respectable trade. There is a casino—one of two in Holland, both run by the state — and many fine restaurants including one accorded two "stars" by the Michelin guide. There is a strong Burgundian flavour to the eating traditions of Limburg and Valkenburg does its level best to promote the ideal.

Untypically for Holland, food is one of the major attractions of a holiday in Limburg. Maastricht offers the gourmet a feast of front rank eating houses and its claim to more Michelin "stars" than any other town or city outside France, with the exception of Brussels, is no exaggeration.

This aspect of Limburg should in no way be underestimated. It ranks in line with scenic beauty and historic connection as an attraction to the holidaymaker. For the Dutch the three features combine to give the impression that a visit to Limburg is akin to a visit to a foreign country. Certainly the region has some very distinctive flavours which, when fused within the right climate framework, acts as a considerable charm to the tourist.

The feeling that Limburg is somehow not quite a part of Holland is reproduced most intensely in Maastricht. The town is modest in size (population some 110,000) and the bulk of it is wedged between the Belgian border and the river Maas. For this reason many of its architectural influences are Belgian in origin while on certain days of the week—namely market days—a huge influx of foreign visitors is spearheaded by the Belgians. On Friday especially, many of Maastricht's shops switch their price tags from guilders to Belgian francs.

The town itself is a delight. The visitor comes away with the feeling that here must be one of the more ideal places in which to spend a long weekend. ItWh its tall, sloping roofed houses and splendid preservation and reconstruction work, Maastricht retains a strong sense of history. Many of the old fortifications remain intact and as a result Maastricht still looks largely as it must have done in the days when it was constantly under siege. One of the greatest heros of fiction—D'Artagnan—came to grief at one such siege. Fans of Alexander Dumas will make the pilgrimage to the musketeer's final resting place.

Everywhere there are monuments. Maastricht has a prehistoric beginning, an important Roman period and, subsequently, a history of complex intrigue. The churches are a major draw with the oldest dating in parts from the sixth century, and so are the old fortified corridors that spread in a wide network beneath the town. These came into being during the 250 years up to about 1825 when Maastricht became known throughout Europe as the "Iron City."

All this present day history is, moreover, concentrated. The average pair of tourist legs can manage to take most of it in during an afternoon's stroll. Any route would be well supplied with bars and cafes, while at the end of the day the welcome is a really comfortable hotel. Maastricht has many, including a new international hotel of a very high standard.

Ingredients

Here indeed are the ingredients for the making of a substantial tourist trap—of the right variety. The Dutch are understandably choosy about how tourism in the province should be exploited. The area is small and its natural beauty is the subject of very stiff preservation regulations. Equating the two needs is not easy but it begins to look as though some long-term plans could soon start to come to fruition.

Work on a major leisure centre is already at an advanced planning stage. The plan is for a cross between a motel and a country club to be set in a pleasing rural setting in which would be implanted two 18-hole golf courses as well as an ancillary nine-hole course and practice ranges. To this could be added tennis and squash courts, swimming pools (both in-door and out-door) and, eventually, full international hotel accommodation plus conference centre.

A compromise between the long-term ambition of the developers and the amiable pragmatism of the Dutch authorities in Limburg will have to be reached if and when finance is forthcoming. But the key to the project makes a lot of commercial sense in that golf is a growth industry within Europe and there are very few courses in the area. The high cost of land severely restricts golf in Holland. The hope is that Limburg can now exploit the speed at which the region's motorways are capable of transporting frustrated golfers to the province.

J.B.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Why Americans slice their silicon chips in Limerick

By Jason Crisp

IN A modern two-storey factory on an estate just outside Limerick lies Ireland's first company which both designs and produces those little modern miracles, silicon chips. This American owned company, Analog Devices, set up in the West of Ireland in 1976. It now employs 215 people and has sales of $15m. In its way Analog is a symbol of the "industrial revolution" which Ireland is trying so hard to create. It is exactly the sort of company the country wants; it also exemplifies both the advantages and disadvantages of setting up there.

Because of its high levels of unemployment, Ireland is moving with considerable determination and enthusiasm away from what by Western European standards is a relatively underdeveloped and agrarian economy.

The body given charge of stimulating this process is the Industrial Development Authority—a vigorous, hard-selling government agency whose task is to attract and develop industry within Ireland and, above all, to create new jobs.

At the lowest of estimates unemployment is running at 9 per cent which is being fuelled not only by school leavers, but by 4,000 workers a year leaving the land—agriculture still accounts for 23 per cent of the total work-force of 1.1m—and similar numbers leaving such declining industries as textiles.

While Ireland is keen to attract a broad mix of industries, there are certain sectors which have greater appeal for it than others.

One particular sector on which the IDA has been concentrating is the electronics and electrical industry. Apart from it fulfilling the obvious criterion of being a rapidly growing sector, there are a number of other reasons why the IDA is taking a special interest in it.

Although Ireland frequently tempts foreign companies to its shores on the grounds that it provides a foothold in the European Community, it faces the problem of being geographically on the outer edge of the EEC and also separated by an expensive stretch of sea. However, for the electronics industry, distribution is no major problem, and many products can be air-freighted economically.

Electronics factories are also not particularly tied to certain services and could, within reason, be sited anywhere within Ireland. This is consistent with IDA philosophy of taking the jobs to the people rather than creating them in giant industrial centres.

Until a few years ago, Irish universities produced a stream of electrical and electronics engineers for whom there were not enough jobs, and many were emigrating to seek employment. Now supply and demand is in balance, according to the IDA. There is also a pool of local labour—mostly girls—who perform the assembly operations.

What the IDA particularly does not want is a number of assembly shops taking advantage of cheap labour as if Ireland were Europe's answer to Taiwan. Instead, it wants companies which produce computer peripherals, mini-computers, scientific instruments and medical electronics where there is a high level of research and development.

The types of company are likely to fall into two brackets: true multinationals and the first overseas base of fast-growing companies.

Analog Devices is almost a textbook example of the second type of company the IDA is seeking. Started in 1965 in the U.S. to make modular components, in 1969 it expanded into the "interface" business, making digital-analogue and analogue-digital convertors: these are the electronics which enable computers and instruments to talk with each other.

Competition

Like many companies in semi-conductors Analog Devices has grown rapidly. By 1973 sales had reached nearly $22m and for this year the company is anticipating a turnover of $65m. As Hank Krabbe, managing director of the Irish operation notes: "In semi-conductors you need a growth rate of at least 25 per cent just to be in the running with the competition."

Inevitably one of the major problems of sustaining that kind of growth rate is the continual need to raise finance. Because of this, additional grants and financial incentives offered by an industrial development agency are of particular importance. As Krabbe points out, the company could not have afforded to set up its new MOS semi-conductor facility in California.

As 35 per cent of Analog Devices sales were in Europe, there was also the obvious incentive of setting up within the EEC, in order to avoid tariffs.

Having decided to set up within Europe, the next major step was to choose the country offering the most generous grants. Analog Devices looked at France, Germany, Italy and Holland before choosing Ireland, where it received 40 per cent capital grants and, perhaps more important, a tax holiday on profits on exports until 1990. In addition it receives a research and development grant—because it does not pay tax, it cannot write off R & D against it, hence the grant—and there are training grants as well.

So on the plus side are the combined benefits of being inside the EEC. There is also the financial package, which is important to any rapidly expanding company. And there is the additional fillip that for an American company there is a common language. Against all this are to be set a number of disadvantages, however.

One of the major problems in the manufacture of silicon chips is the exact level of purity needed throughout the process. The first snag arose in the construction of the plant when the company found that no Irish plumbing contractor could instal stainless steel piping with the required degree of cleanliness. In itself this was not an insuperable problem—the company trained the plumbers—but it was one which was indicative of what it was to face simply because Ireland's industry is not sufficiently advanced to provide the comprehensive back up facilities for high technology.

Similarly, Irish industrial gases were not of sufficient purity: the company needed exceptionally strict levels, such as nitrogen with less than 2 ppm impurities. This means it has to buy its gases from the UK, and this in turn means it needs to hold a greater stock because of delivery factors.

Maintenance

Another problem Analog has faced in Ireland has been equipment down-time. Most of the highly sophisticated equipment used to make the silicon chips comes from America and if anything goes wrong it can take up to five days for it to be repaired. As Krabbe points out, in Silicon Valley, California, someone would be there within two hours. The way round this problem has been for Analog to train its own service engineers and although it is a long process it is supported by further grants from the IDA.

The effect of this is a 20 per cent loss of production which, according to Krabbe, will decrease as the number and skill of the maintenance technicians rises.

Analog Devices also found that it took slightly longer to train the girls in the assembly areas than it had in the U.S. Krabbe believes this was because from a very early age American children are familiar with mechanical gadgets around the home, and this is not the case in Ireland.

Overall, he reckons that the extra cost of being in Ireland—as opposed to, say, the U.S.—in terms of contingency planning for higher stocks, and of extra back-up, probably amounts to around 10 per cent.

One aspect which, interestingly, did not influence the company's decision to choose Ireland was low labour costs. "It was not a factor. . . we knew that eventually they would be coming up in line with the rest of Europe," says Krabbe.

Over 40 foreign companies in the electrical/electronic sector have come to Ireland, of which only one has failed so far, according to the IDA, and as more come the problems which Analog Devices faced should be minimised.

The IDA's hope is for a substantial electronic industry dominated by foreign companies, but with indigenous entrepreneurs springing up and setting up on their own. It is a high hope, but no one could accuse the IDA of not trying.

Questioning conventional wisdom on Britain's economic failure

ANYONE reckless enough to organise a public celebration of the bi-centenary of Britain's industrial revolution would have to start his preparations now. Most historians accept that the tempo of economic and industrial change began to quicken dramatically around 1780: the revolution was beginning to make itself obvious by the end of the century.

W. W. Rostow, the American scholar (whose "take-off" theory of economic growth has caused endless controversy ever since it was first expounded in the late 1950s) sets the UK "take-off" in his period. So does Peter Mathias in his famous work "The First Industrial Nation" (1969). Here is Mathias' thumb-nail sketch of the major forces which he sees as stoking the revolution's fires:

"Rising demand, high wages, the shortage and inflexibility of skilled labour then created a great stimulus in the mid-decades of the (18th) century to innovation, mechanical advance and an eventual breakthrough to new forms of power, materials, machines and factory production. After 1782, foreign trade once again provided a strong boost to industrial expansion on the demand side. Once innovations had allowed cost-reducing techniques and rising productivity to be established, then the circle became a self-reinforcing one with strong forces built in to diffuse and institutionalise further innovation."

Making the first industrial "take-off" is now reckoned to have bequeathed us a burden. A recent series of articles in a national newspaper drew attention to the pervasive view—which was generally held at the time—that the UK's relative industrial decline began quite early in the second half of the century—perhaps as early as the 1860s—and that this loss of industrial pre-eminence was the more keenly felt because the experience of the first industrial revolution, based on coal, iron and steam, had appeared to endow Britain with both the right and the duty to lead the world.

Since then, the litany has been a familiar one. We are reckoned to have declined because (a) we were lumbered with a lot of out-of-date capital equipment at a time when our competitors were starting from gleaming scratch; (b) we taught our public school liberal ethics based on a mixture of classical (stoic) philosophy and Anglicanism, inappropriate to modern business practice (and much else); (c) we had an Empire, at once a drain on the public purse and a protected market which sapped the competitive spirit; (d) the British working class developed early or adopted from the remnants of the guilds, a craft-artisan approach to work which dominated the trade union movement. It lived uneasily with factory labour and always adopted a hostile attitude to management initiatives—where these existed—on productivity, especially where these meant, as they often did and still do, a loss of skill; (e) we have never, until very recently, given managers a proper training and we have always under-rewarded and under-regarded engineers.

Unfortunately, such litanies become almost a comfort: a problem defined is a problem solved, or at least tidied away. The causes for our complaint should, from time to time, be examined.

Just such a re-examination of our shibboleths of failure is one of the most valuable strands within this, most recent, work of A. E. Musson.

Disaster

It is, in the bulk, an extraordinarily close examination of British industrial development, with as much detail as can be packed into a very broad survey. Musson is a facts man: anyone wishing to find a brief general description of the mining, iron, steel, ceramics, chemical, automotive or any other major industries of the past few centuries could read this book with profit, if he takes it in small doses (as a whole at a gulp or two, it reads heavily).

Yet Musson is more than a tabulator. In the central core of the book, he unmasks the purpose of the facts: he wishes to stake his flag in the camp opposing those who see the country's second industrial century—from the latter part of the 19th century on—as an unmitigated disaster. The net effect of their propaganda, says Musson, is that "by 1914, one is led to believe that this country has degenerated into a kind of industrial museum."

On the contrary. "There are good grounds for regarding the period 1850-1914 as that in which the industrial revolution really occurred on a massive scale, transforming the whole economy and society much more widely and deeply than the earlier changes had done." And here are the tables to prove it, most tellingly the occupational table which shows the massive desertion from the land which occurred in the second half of the 19th century (though many of those who deserted went, as Musson admits, into personal service).

The fault at the root of the fashionable retrospective gloom, says Musson (in a passage which shows a flash of polemic), lies in part with a strong tendency among "modern post-Keynesian economists" to assume that endless growth can be manipulated. Britain had to fall behind: the U.S. and Germany were larger, and had greater resources: the market dictated it. In fact, the offshore island did well to keep up as it did for so long.

There is even a sturdy defence of that beloved TV serial villain figure, the Victorian businessman, who in the early part of the century had revolutionised his country's economy. Of his policies in the late 19th century, Musson says, "it made sound business sense at the time to continue investing and expanding production in the old basic industries such as coal, iron and steel, shipbuilding and textiles, and profits continued to be reasonably good (though cyclically fluctuating of course) right up until 1914."

After that, the reader is a little confused. In one passage, Musson refers to the "catastrophe" in industry between the wars: in another, while admitting the decline of the old industries, he notes that between 1918-39, there was a "remarkable upturn in British economic growth so that Britain's relative economic growth improved substantially." Still, the tone, even after 1914, remains generally optimistic.

Pathfinder

Two commonsensical objections might be lodged. First, while it is evident on the basis of Musson's tables and figures that very strong growth did occur in nearly every sector over the period 1850-1914, the evidence is everywhere that innovations and advances in productivity were widely ignored. Musson tends to proclaim an iron law that yesterday's revolutionary is today's footdragger—"Retardation . . . in many British industries by the later 19th century may be regarded as historically or empirically, if not theoretically, inevitable." In such a case, the Victorian bourgeoisie can bear no responsibility—the retention of a leading role was beyond the grasp of the most competent ruling class.

There is no such law. The U.S., the pathfinder of the second, science-based industrial revolution now leads what is being heralded as the third, based on microelectronics. This is of major importance, in a period where the UK (as other European countries) is grasping after the appropriate leadership for the difficult times ahead.

Finally, Musson's implicit assumption, in his passages on the entrepreneur that the pursuit of profits in itself adds up to "sound business sense" is one which has to be set in context. This is done, in the short run, for the individual (or corporate) investor or businessman; it need not be so in the long run for an industry, or society.

Over the past half century, industrial advance has depended upon an increasingly complex, statist intervention in the market at a variety of levels, often especially in those countries which hold most to the ideology of free enterprise. The pursuit of profit has been harnessed and directed in an enormous variety of ways, both by political (socialist) pressures and by financial/strategic ones. "Sound business sense" is now a difficult concept to define.

The Growth of British Industry by A. E. Musson, Batsford, price £14.50.

John Lloyd

LOMBARD

The fight for a 35-hour week

BY ADRIAN DICKS, IN BONN

IT CAME as no great surprise in West Germany when Professor Friedhelm Farthmann, the industrial relations expert who serves as North Rhine-Westphalia's state labour minister, was called upon by both sides to mediate in the current steel strike. He has several major successes behind him, as both mediator and arbitrator, and probably no-one is better qualified to try to find some kind of compromise in a situation where each side regards its position as non-negotiable—the union, IG-Metall, insisting on at least a first step towards the 35-hour working week and the steel employers refusing even to discuss it.

What promises to make the mediation effort even more difficult than this nutshell description suggests is that the argument is taking place on shaky ground. In the glare of publicity, as in the colder light of economic analysis, it has become widely suspected that IG-Metall is pushing the 35-hour week claim without being quite sure what it means by it or what it will actually achieve for its members in the steel industry.

Job losses

The union's steel industry executive, Herr Rudolf Judith, made a long and in part impassioned speech last month in which he effectively set the scene for the strike, haranguing hundreds of shop-stewards and works council chairmen with the justness of the claim and winning their clear support for the general proposition that it was time to take a stand against the rundown of steel jobs. Yet he did not actually explain how, in practice, cutting the contractual working week from 40 hours to 35 would help either to safeguard existing jobs or to create new ones for the benefit of some of the 1m Germans still on the dole. No one else has presented a very convincing case, either.

Supporters of shorter working hours, whether they want to help the unemployed or to make life pleasanter for people who do have jobs, have tended in West Germany to come down in favour of earlier retirement or, at the other end of the age-scale, of an extra year at school, preferably devoted to training young people in marketable skills. The steel industry employers themselves have offered a sixth-week's annual holiday to everyone in the industry—not an ungenerous offer for an industry in deep financial trouble, though also well-suited to its round-the-clock production methods.

Privately, top IG-Metall strategists are rumoured to agree that almost any one of these alternatives would make better sense in general, and for steel in particular, than the 35-hour week. The 35-hour week was adopted by the union's 1977 conference by a narrow majority, and not before the leadership had vainly tried to stop it. Indeed, the vote was only the first of several embarrassing setbacks for the IG-Metall president, Herr Eugen Loderer, which seem to have persuaded him and his colleagues that, at a period of deep frustration in the entire union movement, they must lead from in front or be pushed aside by the pent-up pressure of frustration from behind.

And so a notion that no one can convincingly justify in economic terms, which is anathema to the employers, unwelcome to union leaders and probably unhelpful if not actually harmful for the broader public interest has acquired an awesome momentum of its own. When this year's second big wage claim, for the public services, wast partly unveiled this week, it was clear that other unions will happily benefit from any success IG-Metall may win on the steel front, although their expressions of solidarity so far have been confined to denouncing the mass use of the lock-out.

SPD debate

The next stage was adoption of the 35-hour week by Chancellor Helmut Schmidt's own social democrats as a plank in the party's draft platform for the European direct elections next June. It remains to be seen whether Herr Schmidt and his colleagues will let this "desirable European goal" remain in the programme after next weekend, when a special SPD conference will debate it.

If the SPD throws out the 35-hour week, it will disappoint still further its supporters in the unions. If it accepts the idea for the European arena, it will have to support it at home too—with all that means for future industrial costs, to say nothing of the time in ten years or so when demographic evidence suggests that the entire working population will be starting to shrink.

In the circumstances, the politicians may do well to look for help to the man in the street. An opinion poll on the steel dispute revealed that by a two-to-one margin, most West Germans would take a sixth week's annual holiday over a shorter working week any time.

A package for the business tourist

BY ANTHONY MORETON

AROUND BRITAIN

WAKEFIELD

WAKEFIELD may seem an unlikely place to launch a business venture unique in Britain. Yet last June it became the first Key Business Centre in the country. With unaccustomed modesty for Yorkshire, Wakefield says it is also probably the first such centre in Europe.

A Key Business Centre is a city in which special arrangements are made to give visiting businessmen a complete package of services. Everything from hotel booking to car hire and secretarial services is included. The idea is so simple it is surprising larger and more affluent cities have not thought of it before.

One of the greatest problems facing the travelling industrialist when he arrives in a strange town is to know where to get his car repaired or documents photostated. If he is in London or Lyons or Milan he may have an office or an agent to fall back upon or he may be reasonably conversant with the local geography. But much business is done outside the large centres and in what might be called the second division cities valuable time can be lost in finding a secretary, booking a hotel in the next place of call, or in altering travel arrangements.

Wakefield's business information service takes care of all these details. It claims that now all its hotels and guest houses are linked to the information centre in the town hall and so can provide not only the main services but also photocopying, printing, translation, equipment hire, meeting facilities, sales promotion services and car repair or breakdown services.

The idea for the facility came from the Yorkshire and Humberside Tourist Board. It approached Wakefield, which joined in, as did the local chamber of commerce. When the centre was officially opened it managed to attract Mr. Edmund Dell, then the Trade Secretary, to undertake all the necessary honours and launch it with heavyweight pomp.

The tourist board clearly saw the possibility of expanding industrial business together with the more conventional forms of holidaymaking. It felt that the concept of business tourism had the same sort of potential as ordinary tourism and believed that a visiting businessman one year could turn into a holidaymaker, complete with wife and family, in succeeding years.

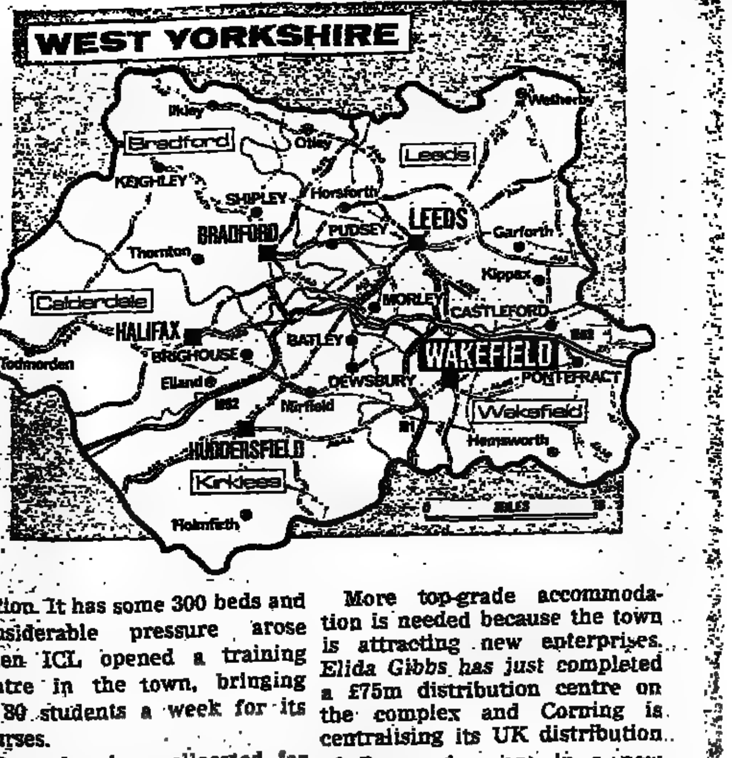
The idea is not so far-fetched for Wakefield as might first appear. The city may, to the uninitiated, be associated with the heart of industrial England, full of dark satantic mills. In fact, it is a light engineering town described two centuries ago by Defoe as "a large, handsome, rich clothing town, full of people and full of trade."

Much of that prosperity may have now disappeared but the town is by no means a depressed area. And since it stands at the junction of the M1 and M62 motorways it is possible to be in some of the best countryside in England in well under the hour.

There has been an encouraging response by the town's traders to the business information service and there is a queue of them waiting to get into the next issue of the brochure distributed to visiting businessmen.

The response of businessmen has been rather slower. The council reports a steady number of inquiries but the flow, to use a riparian analogy, is more a trickle than a flood. This is not unexpected because it takes some time and considerable publicity for the scheme to become widely known and none of the three bodies concerned with it has thrown heavy resources behind the necessary promotion.

One of the difficulties Wakefield faces in getting across to its potential clientele is being overshadowed by its larger neighbour, Leeds, just 10 miles to the north. Even though Leeds is not over-endowed with top-class hotels, most businessmen visiting West Yorkshire make first for Leeds and then head for Wakefield only as a second resort.



Nor is Wakefield over-generously supplied with hotels. It has one three-star Swallow group hotel in the city but the rest of its accommodation is down-market. Trust Houses Forte has a Post House alongside the M1 on the edge of the city. Otherwise there is not a lot of choice.

Strangely, in such a situation, Wakefield is still very much a visitors' town. A tourist board survey showed that it was second only to York within the board's area for demand for accommodation. It has some 300 beds and considerable pressure arose when ICL opened a training centre in the town, bringing in 80 students a week for its courses.

Space has been allocated for a new hotel on the Normanton-Whitwood industrial complex and talks have been held with a number of hotel chains though nothing firm has so far emerged.

More top-grade accommodation is needed because the town is attracting new enterprises. Elida Gibbs has just completed a £75m distribution centre on the complex and Corning is centralising its UK distribution of Pyrex glassware in a new warehouse. Projects such as these attract the travelling businessman and Wakefield intends to stay one step ahead in providing services for him.

Ramblix can boost confidence with Cheltenham victory

RACING

BY DOMINIC WIGAN

RAMBLIX, GOING as well as Space Project in many racegoers' view when unseating John Francome at the 13th fence in Chepstow's Embassy Chase qualifier a few days ago, reappears this afternoon in the Bath Novices Chase at Cheltenham.

It will be interesting to see if his Chepstow blunder has done anything to impair his confidence. If, as Fred Winter clearly believes, Ramblix is ready to do himself full justice, he ought not to be hard pressed to gain his fifth victory in his past six races.

I take Mr. George Ward's gelding to beat a field including Koiro Scott, an eight-year-old from New Zealand, trained by Nick Gaselee, who has run well on both his appearances this season.

A second possible winner for Fred Winter, who has been more reluctant than most to risk his chases on the prevailing hard ground, is the luckless Archbold, runner-up in his past three races.

This chestnut son of London Gazette might go close in the Kineton Opportunity Chase — however, I must favour the experienced Exhibit B, who is something of a course specialist.

In the Coral Hurdle Qualifier, 70 minutes later, I shall be surprised if Charlotson cannot take advantage of the 21 lb he receives from David Nicholson's locally trained Listercombe. On his last appearance, the Josh Gifford-trained six-year-old needed only to be pushed out to account for Kirov in Kempton's November Handicap.

Listercombe, 8½ lengths away in third place there, meets Charlotson on only 4 lb better terms.

Looking ahead to Kempton's Boxing Day fixture, Grand Canyon and Bachelor's Hall appear certain starters for that always intriguing affair, the King George VI Chase.

The dual Colonial Cup winner, who impressed all who saw him being schooled over Fontwell's fences on Wednesday, will take in the SGB Chase at Ascot in eight days' time before going to Kempton; while Bachelor's Hall, last year's King George hero, may have a preliminary over the minor obstacles.

Incidentally, Grand Canyon has been set to carry 11 stone 13 lbs in Ayr's £7,000 John Barr Handicap Hurdle at the New Year meeting on the Scottish course. Sea Pigeon, whose long-term objective is the Waterford Crystal Champion Hurdle, heads the weights for the January 2 race with 12 stone 7lbs.

CHELTENHAM
1.15—Exhibit B*
2.25—Charlotson**
3.00—Ramblix***

NEWCASTLE
12.30—Val Man
1.00—Bow Butts
2.00—Estate Agent
3.00—Ex Professo

TV/Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman. 4.55 Crackerjack.

5.40 News.
5.55 Nationwide (London and South-East).
6.20 Nationwide.
7.00 Tom and Jerry.
7.15 Star Trek.
8.00 Citizen Smith.
8.30 The Liver Birds.
9.00 News.
9.25 Target.
10.15 Tonight—In Town (London and South-East).
10.45 Regional National News.
†10.50 The Late Film: "A King in New York."

All Regions as BBC 1 except at the following times:

Wales—1.45-2.00 pm Melin Wynt. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 It's Welsh Rock. 7.50-8.00 Tom and Jerry. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Art Magazine. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Celebrity Concert. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) A Hundred-and-one Delights; Midlands (Birmingham) The Pilgrim Carvers; North (Leeds) The Houses of the Sun; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Augustus John; South West (Plymouth) Peninsula; West (Bristol) Loved I Not Hannah More.

BBC 2

11.00 am Play School.
1.35 pm Racing from Cheltenham.
5.35 News on 2 Headlines.
6.00 The Voyage of Charles Darwin.
7.00 Mountain Days.
7.30 Mid-evening News.
7.35 Delia Smith's Cookery Course.
8.00 Country Game.
8.30 Westminster.
9.00 Butterflies.
9.30 Pennies From Heaven.
11.00 Late News.
11.15 Pennies From Heaven (continued).
12.35 am Closedown, talk.

LONDON

9.30 am Hallmarking. 9.50 A Big Country. 10.15 "The Art of Crime." 11.30 At The Embankment. 12.00 A Handful of Songs. 12.10 pm Daisy, Daisy. 12.30 Three Little Words. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Friday Matinee: "Do You Take This Stranger?" 4.15 The Doombolt Chase. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Survival.
8.00 General Hospital.
9.00 Vegas.
10.00 News.
10.30 Tennis—Davis Cup Final: Great Britain v. U.S.A.
12.30 am George Hamilton IV.
12.55 Close: Painting by Degas, music by Berlioz.

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Richard Pearse. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.25 Friday Matinee. 5.15 The Practice. 6.00 About Anglia. 7.30 Father Dear Father. 10.30 Probe. 11.00 Tennis—Davis Cup. 12.00 Winners and Losers. 12.30 am Christians In Action.

ATV

10.05 am Survival. 10.30 Morning Cinema "A Dream for Christmas." 1.20 pm ATV Newsdesk. 2.25 Movie Matinee: "Before Winter Comes" 5.15 Happy Days. 6.00 ATV Today. 7.30 Doctor On The Go.

BORDER

9.35 am The Lost Islands. 10.00 Survival. 10.25 Dave's Singalong. 10.50 Remember '68. 1.40 Oscar. 11.55 The Old Sweet Sugar Doughnut. †1.20 pm Border News. †2.25 Matinee: "The Prisoner of Zenda." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Thingummyjig. 7.30 Father Dear Father. 12.00 Police Surgeon. 12.25 am Border News Summary.

CHANNEL

1.00 pm The Deputy—Business. 1.18 Channel Lunchtime News and What's on Where. 1.30 First Act. †2.25 The Friday Matinee: "The Canterville Ghost." 5.15 Emmerdale Farm. 6.00 Report At Six. 6.35 Woobinda. 7.30 Bernie. 10.28 Channel Late News. 12.30 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Canada At War. 10.00 Technoflash. 10.25 The Rolf Harris Show. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 2.25 Friday Matinee: "Flight of the Doves." 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 The Muppet Show. 7.00 Welcome to The Ceilidh. 10.30 The Entertainers. 11.00 Tennis—Davis Cup. 12.00 Reflections. 12.05 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

9.30 am Sesame Street. 10.25 The Amazing Chan and The Chan Clan. 10.50 The Nature of Things. 11.15 Cartoon. 11.25 Clapperboard. 11.45 Song Book. 1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 2.25 Friday Matinee: "Geordie." 4.10 Cartoon. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick-off. 7.30 Oh no, it's Selwyn Froggitt. 12.00 Late Night Thriller, "Risko."

HTV

9.30 am Survival Special. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 The Friday Matinee: "Chubasco." 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.30 Oh No, It's Selwyn Froggitt. 10.30 Report Extra. 11.00 Tennis—Davis Cup. 12.00 Donna Summer's Disco Party.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 am Friends of Man. 10.00 Ann Frank. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and Road and Weather. 1.30 Houseparty. 2.25 Friday Matinee: "The Farmer's Daughter." 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.30 Ways and Means. 11.00 Tennis—Davis Cup. 12.30 am Late Call.

SOUTHERN

9.30 am Cash and Company. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Women Only. 2.25 Friday Matinee: "Three Men In A Boat." 5.15 Laverne and Shirley. 5.45 Weekend. 6.00 Day by Day. 6.05 Scene South East (South East area only). 6.30 Out of Town. 7.30 Mind Your Language. 12.30 am Southern News Extra. 12.40 Soap.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 9.30 Animated Classics. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. †2.25 Friday Matinee: "2,000 Women." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 12.05 Winners and Losers. 12.30 am Epilogue.

ULSTER

10.25 am Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 1.30 Rolf Harris. 2.25 Friday Matinee: "The Farmer's Daughter." 4.05 Cartoon Time. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Reports. 6.25 Sportscast. 12.10 am Bedtime.

WESTWARD

9.20 am Space 1999. 10.25 Dave's Singalong. 10.50 Remember '68. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 First Act. †2.25 The Friday Matinee: "The Canterville Ghost." 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 7.30 Bernie. 10.28 Westward Late News. 12.30 am Faith For Life.

YORKSHIRE

9.30 am Wild Wild World of Animals. 10.00 The Herbs. 10.15 Tarzan. 11.10 Winners And Losers. 11.35 Tell Me Why. 1.20 pm Calendar News. 1.30 Farmhouse Kitchen. 2.25 Friday Film Matinee: "The Farmer's Daughter." 4.10 Cartoon Time. 5.15 Sam. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport.

BBC Radio New Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92-95vhf
BBC Radio London:	1458kHz, 206m & 94.9vhf
Capital Radio:	1548kHz, 194m & 95.8vhf
London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.00 Roundtable. 7.30-10.00 As Radio 2. 10.00 The Friday Rock Show (S). 12.00-2.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) including 6.15 Pause For Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause For Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Take Your Partners (S). 8.02 Tennis, Great Britain v. U.S. 8.04 Frank Chacksfield conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Support Your Local. 10.30 Tennis—Davis Cup (commentary). 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00 am News.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Holiday Special (S). 10.20 Young Artists Recital (S). 11.10 Music Making From Birmingham (S). 12.15 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom, part 2 (S). 2.00 Brighton Festival 1978, Concert, part 1 (S). 2.50 Interval Reading. 2.55 Concert: part 2. 3.45 Gunther Schuller's Violin Concerto (S). 4.15 Mozart For Four Hands. 4.50 Young Composers 75 (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Schnabel plays Beethoven. 7.30 Elgar "The Dream of Gerontius." 9.10 In Short (talk). 9.20 Music Now. 10.05 Lady Be Good, by Gershwin. Act 1 (S). 10.50 Stories on 3. 1.10 Lady Be Good. Act 2 (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.35-7.30 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought For The Day. 8.35 Yesterday in Parliament. 9.00 News. emfwy cmfwy pfwy3 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits Wallsend in Tyne and Wear. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Bristol. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 A Name on a Map. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday with Fritz Spiegl. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.00 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00—As Radio 2.

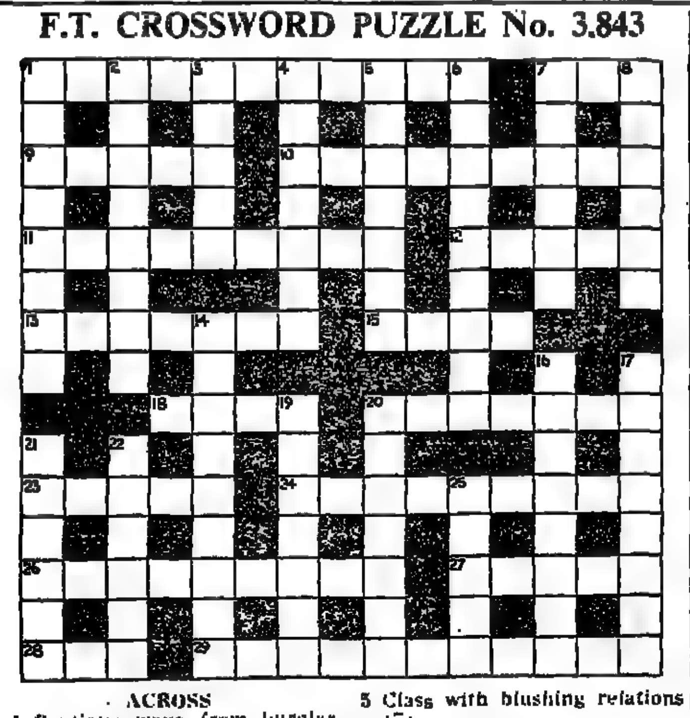
London Broadcasting

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel. 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

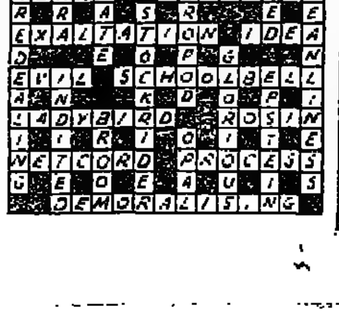
F.T. CROSSWORD PUZZLE No. 3,843



ACROSS
1 Cautious wave from burglar (4, 7)
7 Little dog takes machine-gun in half (3)
9 Announcer in tears (5)
10 This clue promises to pay while holding fast (9)
11 Transferor with a right of possession over a hill (9)
12 Note sweetheart receives handy protection (5)
13 Cuts between two orientals put in shade (7)
15 Actor puts deer right (4)
18 Excitement within is less tiresome (4)
20 Cold wind and fog artist left (7)
23 Post for professor of church music (5)
24 Swore after study was knocked on the head (9)
26 Regularly indicating starting point for clock golfer (2, 3, 4)
27 Game organised with drive (5)
28 Fish expert (3)
29 Killed for being put on too frequently (4, 2, 5)

DOWN
1 Philosopher found accordingly packing cases (8)
2 Coloured jumpers just land in the sea (4, 4)
3 Pub willing to serve a lot of beef (5)
4 Give the right two points to style (7)
5 Class with blushing relations (7)
6 Sportsmen who regularly go on courses (9)
7 Electric unit no port can accommodate (6)
8 Does the Queen have to collect? (6)
14 Disciple takes on master in Scotland (9)
16 Money one accountant makes from vegetable (8)
17 Former European wife (3, 5)
19 Creature of motor club has company on (7)
20 Towering source of call to prayer (7)
21 Grant airman a bit of rope (6)
22 Preserve label of university man (6)
25 Single French article matched (5)

Solution to Puzzle No. 3,842



ENTERTAINMENT GUIDE

CC. These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161.

HAYMARKET. 01-930 9832. Charity Prev. Dec. 12. 8.00. Red. Price Prev. Dec. 13 at 8.00. Opens Dec. 14. 7.00. subs. 8.00. Wed. 2.30. Sat. 4.30 and 8.00. PENELOPE KEITH NIGEL HAWTHORNE CHARLES KAY ANGHARAD REES and IAN OGILVY in THE MILLIONAIRESS by BERNARD SHAW

TH. UPSTAIRS. 730 2554. Lst. Perfs. Ton't. Tomor 7.30. Keskidee Workshop Production of MASADA by Edgar White.

VAUDEVILLE. CC. 01-836 9988. Evs. 8.00 Wed. Mat. 2.45. Sats. 5.00 & 8.00. PATRICK GARLAND'S Adaptation of THOMAS HARDY'S UNDER THE GREENWOOD TREE "A richly enjoyable evening." Gdn.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45.

THEATRES

CINEMAS

ART GALLERIES

هكذا من الأصل

هكذا من الأصل

Cinema

Inside Woody Allen by NIGEL ANDREWS

Interiors (AA)
Gate and Cinecenta
The Rain People (AA) Gate Two
Force Ten from Navarone (A)
Odeon Leicester Square

Woody Allen is a film-maker from whom one has learned to expect almost anything—except a serious film. In *Interiors* he has outsmarted us all and produced exactly that. The film has been described as Americanised Ingmar Bergman and, as if to help us in that belief, the film's poster — three women posed together in gloomy profile, gazing out through a window—seems like a direct tribute to *Cries and Whispers*. Bergman is certainly the hovering presence. *Interiors* contains less than half-a dozen laughs (even these are nervous chuckles), and the film's title is heavy with punning significance: interiors of houses, "interiors" of human souls. It is a fascinating film: not least in the way that it confounds expectations based on Allen's past work, and builds intriguing new ones concerning his future.

Annie Hall, Allen's last movie, had its serious side also—the Why and How of a romance gone wrong—but it was camouflaged in a zany-comic format. Here Allen has dispensed with the coumaflage (or possibly just changed it), denying us his own presence in front of the camera and keeping only Diane Keaton of his earlier films in the cast. Dowdied-up and given lines of anxiety around her eyes and upper lip, she plays the poetry-writing eldest daughter in an East Coast family of garrulously disconsolate introverts, whose member-atoms spin around in moral and emotional Space trying to find a nucleus.

The nucleus certainly isn't Father (E. G. Marshall), who walked out on Mother some years ago and is about to marry a plump, hearty replacement (Maureen Stapleton). It certainly isn't Mother (Geraldine Page), the most unstable of them all in her alternation of upright airs-and-graces and sudden fits of hysteria. Nor is it frustrated-actress daughter Flyn (Kristin Griffith), nor love-starved daughter Joey (Marybeth Hurt). Perhaps the nucleus they are looking for is something abstract, like Goodness, or Love, or Loyalty. . . .

If it all sounds like cracker-barrel Bergman, it often *seems* like cracker-barrel Bergman. The film is photographed with a sort of high-definition melancholy — the rooms look like David Hockney interiors bleached of colour — and the dialogue teeters on the brink of *those verbose monologues about* Life and Death that Allen used to put, self-spoofingly, into his own mouth in earlier films.

Diane Keaton in "Interiors"

But there is a marvellous reined-in wildness about the film. These are characters *without* the liberation of a sense of humour, and their soul-searchings and emotional prevarications are like a pain with no means of catharsis. The prim surface cracks a couple of *times: once when Geraldine Page* smashes a row of candles in a church in grief at hearing of her husband's re-marriage plans, once when Maureen Stapleton enters the film like a Scarlet Woman under full sail. (In both scenes red suddenly splashes across a predominantly monochrome film? But elsewhere this is a Hell tastefully decorated in blue and grey, the domestic surfaces topped with empty grey vases (Geraldine Page's speciality) and the window-frames like stern geometrical propositions.

The coldness of the interiors seems like a deliberate counter-chill to *Annie Hall*. There is room to swing a lobster here, but no will or sense of freedom to do so. The acting catches the mood perfectly, from Keaton's frayed and pallid eldest daughter to Maureen Stapleton's anxious and dogged extrovert, like a bull that knows it isn't welcome in the china shop but carries on regardless, thinking that a rampage will do everyone good. Best of all is Geraldine Page, who not only looks like one of her own grey pots and vases—a knobbly hair-bun surmounting a huge, carapace-like coat—but acts with the concealed-madness gentility of a Tennessee Williams heroine.

*

The Rain People is a "lost" film by Francis Ford Coppola, of *Godfather* fame. It was made in 1969 and has never been shown commercially in this country, although it had an airing on BBC television some years back.

It's a patchy, likeable film that half succeeds and half doesn't. The half that doesn't consists chiefly of an over-schematic screenplay by Coppola himself: in which heroine Shirley Knight, after walking out on her husband one day and taking to the road, finds contrasting forms of compensatory love with (a) James Caan, a mentally retarded hitch-hiker who brings out her maternal instincts, and (b) Robert Duvall, a macho traffic cop who brings out her nymphet instincts. The balance between the two encounters is too trim and facile, and so is the moral lesson to be drawn: that people need both to give and to receive love, and woe—or frustration—betide them if they have to go to different love objects to satisfy each need.

What does succeed in the film are the stray truths that spark from Shirley Knight's superb performance as the wandering heroine. Miss Knight has a face like an expectant goose (not the least insult intended) and her large eyes, pouting nose and saucer lips have an expressive pliability worthy of, and reminiscent of, Liv Ullman. She *turns her—on paper—rather wan* Everywoman heroine into a vivid portrait of quiet, quirky, humorous hope and suffering.

*

Someone in the Hollywood Bright Ideas department has come up with the notion of making a sequel to *The Guns of Navarone* with fewer stars, less money and a less exciting screenplay than the original. The film is called *Force Ten From Navarone* and it is appalling. Harrison Ford, Edward Fox, Franco Nero and the late Robert Shaw swashbuckle through this tale of an Allied sabotage attempt in *Yugoslavia in 1943 as if* wading through mud. The director is Guy Hamilton, who not content with shooting the film in a sort of sickly, colour-bled fuzz, builds it slowly to an all too trumped-up bridge-blowing climax whose use of cutaway model shots would shame *Thunderbirds*.

A valedictory word on the London Film Festival and one particular film therein. Since, in previewing the festival, I expressed some anticipatory doubts about the quality of the selection, it is only fair to say after the event that the festival improved steadily as it went on and produced one or two handsome revelations.

The most handsome was *Sita's Wedding*, by the Indian director Bapu. This gorgeous mythological costume epic, staged with all the flair of a Hollywood movie and none of the vulgarity, is still in *search of a London distributor*, which I find baffling. Though made on a smaller budget than some of its blockbusting Indian rivals, the film has a jewel-like precision of decor and scenic effect, and a beautiful, offhand wit in its telling of a legendary story (the "Ramayana"). If exported Indian popular movies are ever to emerge from the ghetto of "specialist cinemas" in the West, this is the film that should start the trend. British distributors, please note — and act.

The Mellstock Choir Band

Leonard Burt

Vaudeville

Under the Greenwood Tree

by B. A. YOUNG

Patrick Garland's stage adaptation of Hardy's book begins and ends with the Old Hundredth—"All creatures that on earth do dwell. Sing to the Lord with cheerful voice." This is the key to an evening in which most of the actors sing and play musical instruments, and in which major elements of the plot turn on the relative value of strings or harmonium, of staff notation or tonic sol-fa, of clarinets or serpents. (The Mellstock Choir Band finds against clarinets but allows half-witted Thomas Leaf (George Gabriel) to play his with them: finds in favour of serpents but lets Elias Spinks (Terence *Conoley) to swop his for a fiddle* after one scene.)

The story about the conflict between the happy-go-lucky old choir and the reforming young Parson Maybold becomes a likeable play, and Mr. Garland has made it as authentic as he can, even employing Hardy's Victorian Dorsetshire dialect, which has been so much mocked in rustic comedies that it is only by much skill that the players keep it from sounding funny. Occasionally they forget (as Hardy did); when Fancy Day (Suzan Crowley) refuses the parson's hand she breaks into standard English to match the author's sudden up-class manner.

I found the evening warm and cheerful. The Old Hundredth is by no means the only music we hear: the company breaks into song at the drop of a straw hat, with folk songs, settings by Chris Littlewood of Hardy's verse, and traditional dances. David Bacon as Tranter Reuben and Frank Shelley as his old but vigorous father set the pace with music as hearty as their performances, and there is pleasant singing too from Sonia Woolley, who as Mrs. Penny gives a pretty song called "The Swallow," and from Adrian Casey as Billy, the only treble in the choir. The arrangements and the performances never make the mistake of seeming too good, just as the dancing (choreographed by Mr. Littlewood) contains a necessary element of rustic clumsiness.

Romance is in the hand of Miss Crowley as Fancy and Geoffrey Kirkness as young Dick Dewey. Miss Crowley is lovely when she is common but less so when she remembers that she is a schoolmistress, and Mr. Kirkness is handsome, which is all he needs to be. Gilbert Wynne has the difficult task of making Maybold decent and sensible, even romantic himself in the right circumstances, and yet unsympathetic.

The scenery by Neville Dewis centres on a big square wooden box that can be turned into a variety of places and things but for me has the look of some science-fiction artifact that has grown among the simple country folk by some alien means. Even a greenwood tree lowered from the flies could not reconcile me to it.

Arts Council appointments

Lord Donaldson, Minister for the Arts, has announced four new appointments and one re-appointment to the Arts Council of Great Britain.

The new members are Councillor Bernard Atha, Mr. Robin Guthrie, Miss Margharita Laski, and Professor Anthony Quinton. Dr. Richard Hoggart has been re-appointed.

The Other Place, Stratford-upon-Avon

Hippolytus

by MICHAEL COVENEY

Following Euripides quite closely, David Rudkin's "realisation" for the Royal Shakespeare Company is the most speakable English version I have come across. It is a model contribution to the unending debate of how to do Greek tragedy for contemporary audiences without savaging the strange, declamatory properties of the original. And *Hippolytus* is rarely enough seen to warrant revival. Racine's *Phèdre* has somehow erased the play, certainly from my memory.

And yet what an enthralling piece it is, curiously timeless in its discussion of private morality in a public context. Between the conflicting demands of two rival goddesses — the love totem Aphrodite and Artemis, representing the virtues of outdoor sport as a sympton of virginity —Phaedra and Hippolytus, her step-son, wrestle individually with their inner selves. Nothing I have seen lately is more harrowing or unsettling than Michael Pennington's Hippolytus, coldly abandoned by his Artemis, facing the fact, as he lies dying, that all our lives may be frittered away in pursuit of an insubstantial ideal.

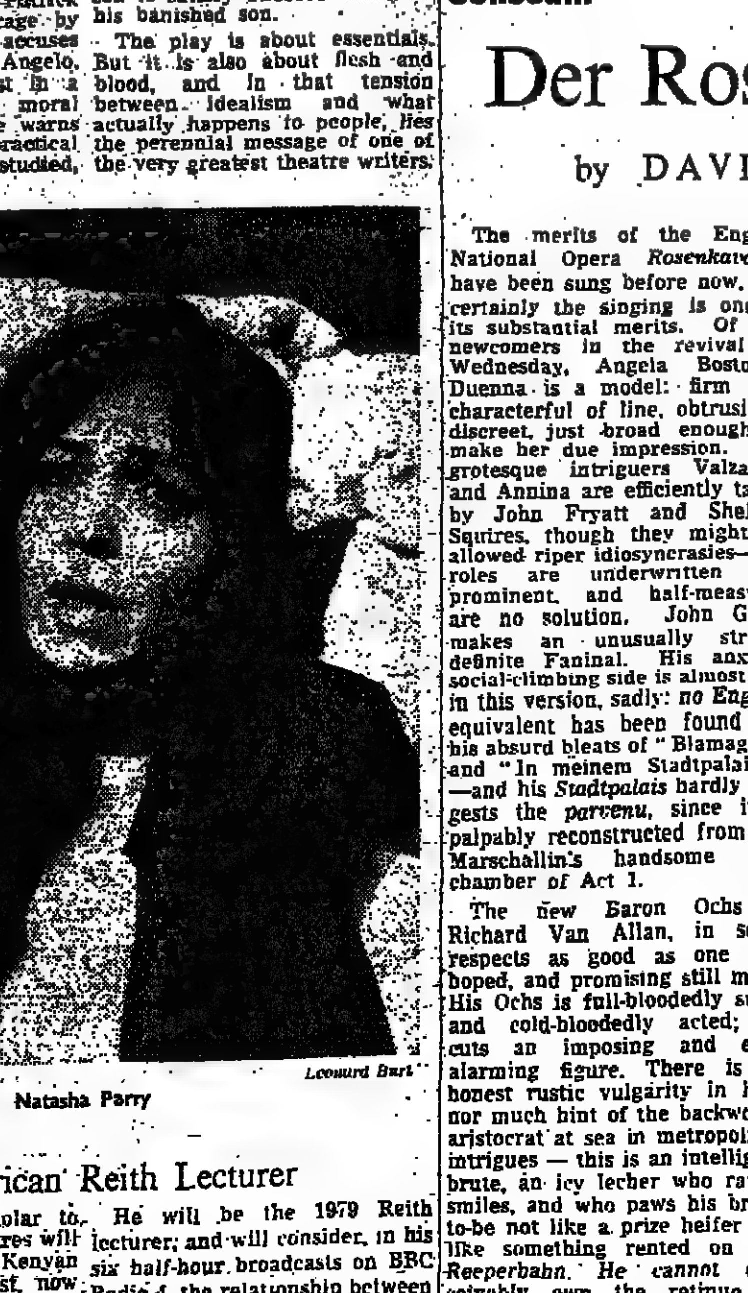
Although Phaedra, Hippolytus and Theseus are victims of pre-ordained Fate, Fate itself is shown to be appallingly fickle and Euripides allows the trio sufficient room to manoeuvre within the scheme so that actual choice and human fallibility play an equal part. Theseus (a mighty performance by Patrick Stewart), broken with rage by his wife's suicide note, accuses Hippolytus of acting like Angelo, cloaking treacherous lust in a guise of public and moral righteousness. The Nurse warns Phaedra that life is a practical craft to be learned and studied, not talked of as some mysteriously precious high art.

Ron Daniels' production, designed by Ralph Koltai, is a *studio classic of controlled*, but pullulating, simplicity. The company sit around a stone acting area, in uniform white and bare feet (although Theseus is shod in cricket boots). There are scarves for the King and Queen, a veil for Artemis, red leather straps for the disfigured Hippolytus. Again and again (and not just because I was sitting next to him) one is reminded of Peter Brook's laboratory method at its best, exotic use made of percussion to add colour to Euripides' delicate images of nature and topography, rendered into beautifully evocative paragraphs by Mr. Rudkin.

Natasha Parry is a truly exciting Phaedra, giving tremendous animation to the erotic principle that Hippolytus acknowledges but does not admit. Neat thematic unity is supplied by Mr. Rudkin's subtle insistence on the importance of self-knowledge. *Miss Parry exits with the line* "That self is no self that will not give itself." Frustrated and incomplete, she kills herself as much for that sentiment as for the sake of public decorum.

The chorus speeches, heavily cut, are shared among two representatives, and Geoffrey Freshwater *brings us to the edge* of our seats with his account of the "bull-thing" rising from the sea to satisfy Theseus' curse on his banished son.

The play is about essentials. But it is also about flesh and blood, and in that tension between idealism and what actually happens to people, lies the perennial message of one of the very greatest theatre writers.



Leonard Burt

Natasha Parry

First African Reith Lecturer

The first African scholar to give the BBC Reith Lectures will be Ali Mazrui, the Kenyan historian and educationist, now professor of political science at the University of Michigan, Ann Arbor.

He will be the 1979 Reith lecturer, and will consider, in his *six half-hour* broadcasts on BBC Radio 4, the relationship between Africa and the West in the post-colonial period.

Palladium

Liza Minnelli

by ANTONY THORNCROFT

The champagne was rather flat at the Palladium this week which is rather surprising since it was dished out by Liza Minnelli, one of the great troupers of our day and a celebrated adrenalin gusher. By most standards her performance was in the true show business tradition of sparkling production numbers, moments of quiet emotion, explosions of dynamic singing; by her standards, at least on Wednesday, it was a quiet night.

She was the star from the start, walking alone through the scaffolding which was to support the excellent band to sing unaccompanied the opening bars of "*How long has this been going on?*" But then there was little progress. Liza Minnelli does not seem to have added anything to her personality or her technique since her last London visit. Her image, especially those brazen dresses which now half cover an unfortunately bulging body, is still that of the cheeky extrovert who is basically insecure. It is an image that seems to be weighing her down.

Of course much that remains is good — not many artists can hold the attention for almost two hours, accompanied only by a couple of male dancers. The voice could still stop a rampant rhinoceros at 50 yards and she has no trouble charming the audience. But there did not seem to be a complete effort involved; more a run through the old familiar routines.

Part of the blame must rest with the material, the kind of fraught sophisticated modern songs which are completely lacking in emotion or personal insight. When the standards like *Someone to watch over me* and *The man I love* were given a *chance the atmosphere* tensed and the inevitable rather brief memory of *Cabaret* served only to remind us of Minnelli at the peak of her power. She has always been a tremendously dramatic performer, living rather than singing her material. Now some of the intensity is lost.

The audience sensed the loss. At the end there were no encores, a conventional ovation, and bright house lights. Liza Minnelli is in danger of becoming a gossip column captive, a tragic heroine of our time, rather than an artist. Perhaps, though, some change is needed in her off-stage life before she can give her act the uplift it needs.

Ham House closure

Ham House, near Richmond, Surrey, will be closed throughout January and February, 1979, for redecoration.

Rambert Academy

"The Rambert Acadamy" has been established at the West London Institute of Higher Education. It offers a foundation course for 16-19-year-old dancers and is part of a general plan to develop courses in music, dance and drama, leading possibly to a professional career. The Rambert Academy Foundation Course in Dance will take pupils from September, 1979.

Coliseum

Der Rosenkavalier

by DAVID MURRAY

The merits of the English National Opera *Rosenkavalier* have been sung before now, and certainly the singing is one of its substantial merits. Of the newcomers in the revival on Wednesday, Angela Bostock's Duenna is a model: firm and characterful of line, obtrusively discreet, just broad enough to make her due impression. The grotesque intriguers Valzacchi and Annina are efficiently taken by John Fryatt and Shelagh Squires, though they might be allowed riper idiosyncrasies—the roles are underwritten but prominent, and half-measures are no solution. John Gibbs makes an unusually strong, definite Faninal. His anxious social-climbing side is almost lost in this version, sadly: *no English* equivalent has been found for his absurd bleats of "Blamage!" and "In meinem Stadtpalais!" —and his *Stadtpalais* hardly suggests the *parvenu*, since it is palpably reconstructed from the Marschallin's handsome bed-chamber of Act 1.

The new Baron Ochs is Richard Van Allan, in some respects as good as one had hoped, and promising still more. His Ochs is full-bloodedly sung, and cold-bloodedly acted; he cuts an imposing and even alarming figure. There is no honest rustic vulgarity in him, nor much hint of the backwoods aristocrat at sea in metropolitan intrigues — this is an intelligent brute, an icy lecher who rarely smiles, and who paws his bride-to-be not like a prize heifer but like something rented on the *Reeperbahn*. *He cannot* conceivably own the retinue of fright-wigged loons whom we see (and whose cavortings include an ugly stage-rape of which the producer should be ashamed), and neither his words nor his accent suggest the country cousin Hofmannsthal invented. At the end of Act 2 he cannot return engagingly to bibulous good humour, for he has never had it. Van Allan's powerful resources make much of this uncomical monster, but so far a dimension of incorrigible innocence is sorely missed.

Under the circumstances the comedy of sentiments has to take precedence, and Sandra Browne's Octavian carries it best. Being dusky as well as petite is not a natural advantage in a patrician Viennese breeches-part, but she is winningly volatile, the voice is roundly seductive, and her phrasing is vital and *forthright*. *Her* Sophie is Joy Roberts, whose well-conceived performance is vocally patchy — attractive in full cry, cloudy in pianissimo, and needing at least two breaths over par for "Wie himmlische. . . ." Lois McDonall sketches a shy, sensitive Marschallin; more of the authority she displays at last in Act 3 could profitably be brought to bear upon Act 1, where her half-lights need highlights. David Walker's costumes are unfailingly apt. The levée is short of bustle, and what ought to be the final glorious rout of Ochs is dreadfully staid — it is not like John Copley, the producer, to pay so little heed to the music. Mark Elder is acutely sensitive to the chromatic sensuousness of the score, and draws ravishing sounds from his orchestra. The waltzes are elegant but *Schwungless*; *Mr. Elder's refined ways* allow them as little buoyant *Gemütlichkeit* as there is in Mr. Van Allan's Ochs.

Country Cousin

Gotham by ANTONY THORNCROFT

Gotham are back. It is hardly the cry on everyone's lips but for the coterie that decorates *Country Cousin it means one* good night out this Christmas. It was Gotham that opened this louche, long supper room just over a year ago and in the intervening months there has been an improvement all round. Country Cousin has become smart without losing its decadent feel; the food can now be eaten without comment; and Gotham are that bit more over the top.

They are a three-man troupe from the sophisticated (that is gay) American cabaret circuit who sing the kind of standards that no one else dares—*Holiday for Strings, Mr. Paganini*—while *larking around with banter that* they would probably prefer to call chartreuse rather than blue. Many of the jokes convulsed the committed minority in the audience but even the mixed office parties found something in the terrific pace and attack of Gotham. There is also a lot of amiable insulting of the audience who have to sweat a little while Gotham sweats a lot.

Much of the appeal is in the appearance of Garry Herb (manic); David McDaniels (pretty); and Michael Pare (vulnerable). The fact that they wear white bow ties with gym kit *also keeps the eye trapped while* their fine voices and the well-oiled professionalism of the routines ensure that fascination does not disintegrate into disapproval. Gotham are very experienced entertainers who just happen to build an act around, well, good bad taste. Perhaps the frenzy carries on a mite too long and some of the songs are over-theatrical but as a bizarre and sophisticated alternative for the office party it can hardly be bettered.

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Friday December 8 1978

The uses of intervention

THE CAUSES of the disappointing conclusions of the Brussels summit were essentially political—a reluctance, especially by the French, to undertake the step forward in economic integration which seems a logical counterpart of monetary union. The future debate is now likely to take other forms. In political terms, President Giscard D'Estaing, through his invitations to a four-man Atlantic political summit in the New Year, has deliberately reverted to a broader and more traditional view of foreign policy—an adjustment of the political relations between important sovereign states. Europe, in the French view, remains an *economic* community, it seems.

International

However, Brussels also left a much more mundane piece of business unfinished, which is also of importance outside Europe as well as within it: the appropriate next step in international monetary relations. An exchange rate regime which is *apparently* unacceptable to three of the nine members of the EEC—or, more to the point, to three of the four non-members of the present snake—can hardly be taken as a model for broader relationships.

Many of the issues involved are at first sight technical and dry: one cannot imagine a heated popular debate about the potentialities of reserve asset substitution, or the proper limits on intervention in the exchange *markets; but the sharp differences which exist on these* technical issues reflect equally sharp contrasts in domestic experience and the lessons which have been learned from that experience.

Nowhere is this clearer than on the question of intervention. Britain abandoned any but smoothing intervention in the markets some 13 months ago, and many would hope that the consequent monetary régime — a control of credit tight enough to keep the exchange rate buoyant — offers us the best hope we have of an effective anti-inflationary financial policy. The Germans, on the other hand, have intervened wholesale, and the EMS is based on obligatory intervention.

The German and by proxy the Swiss point of view was explained in London yesterday in a thoughtful lecture by Dr. Otmar Emminger, the President of the Bundesbank. Broadly, he presented the strong currencies as being on the opposite end of a seesaw with the dollar. (He was too polite to suggest that it was the relative underlying weakness of sterling which *enabled our own authorities to* sit out the dollar crisis.)

The strong currencies were in danger of rising uncontrollably: the rise already achieved had a strongly deflationary effect. In these circumstances it was reasonable to act strongly to check the movement of rates, and to risk an offsetting inflationary effect on the German and Swiss money supply. The long-term results, he conceded, were unpredictable: the result *of strong external monetary* growth in a normally stable economy is "uncharted."

It is natural, perhaps, for a British observer to take a gloomier view of the potential results than a German. This is not just the *risk of a resurgence* of inflation in Germany or Switzerland, which may well be small. The most obvious adverse results may well be seen in the United States and in the dollar banking system. Heavy interven*tion, which amounts to an open*-ended flow of foreign credit, has shielded the U.S. from pressures which would have provoked sounder monetary and bank lending policies long ago in their absence, and British experience suggests that delayed correction is harsher and more disruptive than timely moderation.

Disorder

It was this factor which was unfortunately missing in Dr. Emminger's observations—central bankers are naturally tactful about the domestic errors of *others. It must be faced, though:* and the need for a link between exchange rate and domestic policies might make a highly suitable topic for the French President and his guests. It is only when such a responsive and responsible system of exchange relations can be established that we can judge whether capital movements are an autonomous problem, as the Americans argue, which might be met by British proposals for substitu*tion, or whether, as Dr. Emmin*ger argues, they are merely a symptom of a deeper disorder.

Obstacles in the Middle East

A PEACE treaty between Egypt and Israel is now unlikely to be signed by December 17, the target date set at Camp David. *This in itself should cause few* worries if the Israelis do not take the opportunity to start building new settlements on the West Bank and Gaza. The general conviction in Cairo and Jerusalem is that a peace treaty will be signed. The leaders of both sides, together with Presi*dent Carter, have invested too* much of their prestige and credibility in producing a treaty to allow a total stalemate to develop. It might be necessary, *however, for another meeting* like Camp David to resolve remaining differences.

Euphoria

These differences, both trivial and serious, are tending to obscure what has been achieved over the past year. The mood *of euphoria created by the* Jerusalem visit, and subsequently by Camp David, has tended to dissipate as the two sides argue over the final form *of the treaty. The differences* which have emerged were inevitable given the form of the Camp David accords. On crusial issues it was studiously vague. This gave ample room for real misunderstanding. At the same time both Mr. Begin and Mr. Sadat had to sell the agreement to their own supporters and allies. In doing so they put their own gloss on what they had agreed.

Both leaders have tended to underrate the difficulties facing the other. There is a tendency to see the other side's objections to one or other part of the draft treaty produced in Washington as essentially cosmetic. But for all the formulae which have been used to bridge the remaining gaps, two obstacles continue obstinately to block the road towards a final treaty. These are the future of the Palestinians in Gaza and the West Bank, and the Israeli desire for a completely bilateral agree*ment which separates Egypt* from the other Arab powers.

By emphasising the autonomy of Gaza rather than the West Bank Mr. Sadat moved away from the emphsis which is normally placed on the West Bank. The Egyptian desire to station their own police in the Gaza strip further erodes the position *of the Palestine Liberation Organisation.* But the Israelis have remained intransigent on the prublem of when elections are to be held in either territory.

The strength of Mr. Sadat's position is the popularity of a peace agreement within Egypt. In the return of Sinai he has *positive gains to show and there* is a general, if exaggerated, belief that peace will solve many of Egypt's pressing social and economic problems. In Israel the original euphoria which greeted the peace talks has more rapidly dissipated as the extent of the concessions sinks in.

In the long term, however, it could well prove that of the three parties who met at Camp David, the Americans will prove to have lost the most. By approving what is essentially a bilateral deal between Cairo and Jerusalem President Carter ensured that Egypt, the largest Arab power, will no longer be able to play its previously pivotal role in the politics of the Arab world.

Instability

The Baghdad summit meeting of all Arab countries with the exception of Egypt did not produce the sweeping condemnations which the more radical states desired, but equally significant was the broad censensus against the Egyptians. They have not been able to produce any policy which is a practical alternative to that pursued by Mr. Sadat. But Egypt's influence on what happens in the future in the Arab world has been severely limited. And without Egyptian influence instability in the area is likely to increase. The Iranian crisis has already given the main oil producers in the Gulf an acute sense of their own vulnerability. More than *ever the Americans need Egypt* as a moderate voice in the Arab world. But Camp David, for all its benefits, has ensured its influence will be weaker than at any time over the last four years.

Mr. Treurnicht: clear hardliner.

South Africa in a self-made trap

BY IAN DAVIDSON, FOREIGN EDITOR

Mr. P. W. Botha: possible reformer.

A MOOD is abroad among influential whites in South Africa today that the policy of apartheid, or separate development, cannot continue in its present form for very much longer without grave danger to the whites themselves. A mood is, of course, a notoriously difficult thing to pin down. South Africa is such a peculiar country that it is only too easy for *the visitor* to misinterpret what he is told. In any case the privileged white community has every incentive for trying to persuade a sceptical outside world that change *and reform* are just around the corner.

Certainly, those few white South Africans who would be regarded as liberals in any European country have looked for the prospect of reform so long and so vainly, that they have ceased to believe that *Afrikanerdom can ever change.* There is certainly no clear evidence that the National Party led by Mr. P. W. Botha is prepared to re-examine its fundamental beliefs.

The possible threat of international sanctions being imposed on South Africa is not the central focus of this anxiety, but it is a contributory factor. Opinions are deeply divided over whether sanctions are likely to be applied. I met *nobody during a visit last week* who believed that sanctions would be fully effective, even if they were voted in the United Nations Security Council. Yet many people believe that even ineffective sanctions would have a serious effect, because of the impact on business confidence, *both inside South Africa and* among parent companies abroad and potential foreign investors.

The depth of this anxiety can be gauged from the insistence with which South African propaganda, as exemplified by the South African Broadcasting Corporation, daily tries to prove *to its listeners that the West* cannot afford to jeopardise its own economic interests by imposing sanctions on South Africa.

There has even been some suggestion that South Africa could retaliate against the rest of the world; yet every well-*informed South African knows* that retaliation would be self-defeating.

If the threat of sanctions is only a contributory factor in the current mood of anxiety, it is nevertheless directly related to the central reasons for this anxiety. Broadly speaking, the argument runs as follows. During the 1950s and 1960s, South Africa had a high growth rate, crucially assisted by foreign investment; crucial in the sense that it not only has been counted on to provide about a tenth of new productive investment, but has also made good the normal deficit of the current account of the balance *of payments. In the past few* years, however, South Africa has been affected like everyone else, by the multiplication of the price of oil and the consequent recession. *Unlike* everyone else, it has also been affected by the black riots, and the slaughter of blacks, in Soweto and other black townships in and after June 1976.

In one sense, the effects of the Soweto disaster have been offset by the recession. The *shock to business confidence of* Soweto did cause a substantial net outflow of capital: a sharp drop of the inflow, combined with concealed repatriation of capital by foreign-owned companies, exacerbated by evasion of exchange control by South African citizens. But the reces*sion—and the shock to con*fidence, which has caused a slump in business investment, in turn depending on imports of machinery—has led to a substantial surplus on the current account in the balance of payments.

The economy is now slowly climbing out of the trough, from a growth rate of about 0.5 per cent in 1977 to about 2.5 per cent in 1978. But nobody believes that 2.5 per cent is anything like enough, if only because—and here is the nub of the problem—of the destabilising effects of black *unemployment.*

One of the implications of apartheid is that there are no meaningful official figures for black unemployment, since blacks are not in principle expected to be in white areas at all except for the purposes of "ministering" (as the official *phraseology has it) to the needs* of the whites.

The growth of the population in South Africa is rather more than 3 per cent a year, and the trend line for productivity is of the order of 2 per cent a year. Together, these figures mean that South Africa needs a *growth rate of at least 5 per* cent a year just to keep black unemployment at a constant level. It ought, just as a matter of sheer political prudence, to be considerably higher, in the region of 6 to 7 per cent.

But once the growth rate rises above 3-4 per cent, experience shows that the current account goes into deficit, as investment drags in imports of capital *goods. A higher growth rate* can only be achieved, and the balance of payments can only be made good, if foreign confidence is restored and there is a corresponding inflow of capital and capital goods.

This is where the psychological impact of sanctions, or even the shadow of the threat of sanctions would come in. Unless or until it is lifted, foreign confidence will not be restored, and the foreign capital required *for a higher growth rate will* not be forthcoming on the scale required for a 5-7 per cent growth rate. Some of the factors affecting foreign confidence are *outside South Africa's control:* events in Mozambique and Angola since 1974, to start with, events in Rhodesia to an increasing extent, and more recently disturbing signs of potential instability in Botswana.

The apparent determination of the South African Government to flout international opinion by its policy in Namibia may in itself be marginal. But the decision to prolong, on strategic grounds, a deliberately colonial policy in this quasi-colony, may have grave repercussions on the management of the economy, and thus of the *politics, of the Republic itself.*

But this is what is so odd about the whole Namibian fiasco. The best official advice reaching the Pretoria government is that the South West African People's Organisation (SWAPO) would not, in "normal conditions," get the *majority of votes in any general* election.

Yet Pretoria persists in pursuing a neo-colonialist policy in Namibia which, even if it succeeds in maintaining Namibia as a docile client-state, will keep alive at least the theoretical danger of UN sanctions, will *thus exacerbate the problem of* restoring foreign business confidence in South Africa, and will in turn exacerbate the problem of achieving the minimum required domestic growth rate. On the evidence so far, therefore, it must be said that the South African Government appears to have very little understanding of its own self-interest. For the more that South Africa antagonises the outside world in its foreign policy, the more it will multiply its problems at home.

Apart from the shortage of *foreign investment, the primary* obstacle to a more rapid growth rate is the shortage of skilled manpower. This shortage in turn is the consequence of the many ramifications of apartheid. The reservation by law of certain jobs for whites is by now an infinitesimal part of the story. The objections to black training and promotion raised by the white trades unions, or willingly acquiesced in by white employers, are much more important.

This is, indeed, one of the paradoxes of the situation: South African industrial leaders are convinced that the kind of growth rate required to reduce, or even halt, the looming shadow of black unemployment, can only be achieved if much *more rapid progress is made* with the advancement of blacks in economic terms. Yet foreign-owned companies which have been instructed, under international pressure, to reduce the wage gap between blacks and *whites for equal work, have also* been told to stabilise their total *wage bill.*

Partly as a result of this pressure, partly as a result of the recession, South African industry has introduced labour-saving investment, the capital-output ratio has gone up sharply and there has been a steady loss of industrial jobs for blacks *since 1975, while white employ*ment has gone up, though real earnings of whites have declined. For blacks the pattern has been reversed: their real incomes have gone up in the last few years but only at the cost of unemployment. If the national growth rate does not *move up into the 5-7 per cent* range, the consequences for black unemployment are, in the words of an influential civil servant, "scaring," with a forecast level of about 20 per cent within the next ten years.

If South Africa's leading industrialists see so clearly the economic, and thus the political dangers in racial discrimination, you may well ask why they do *not more energetically pursue* integrationist policies where the law allows it. The answer seems to fall into several parts. On the one hand there is the long-standing tradition *of reliance on* cheap black labour — cheap in the sense that its wage rates are low, and cheap also in the sense that its housing and other social conditions are abominable. Any improvement of these conditions would cause a sharp increase of the costs, or of the taxation (if by any remote chance the Government were to change its policy) of South African companies.

On the other hand, the in*dustrialists are afraid* of any confrontation with their white workers. This fear is magnified by recession, even though they know that, in the long run, a return to rapid growth *will only* be possible if the black-white demarcation is substantially removed.

*Finally, even those indus*trialists who talk liberal are really waiting for the Government to give the lead. So what, in the last analysis, are the chances of the Government giving such a lead—of introduc*ing a major reform of the policy* of separate development?

Most people would think these chances are pretty slim, especially since the sweeping victory in the Transvaal section of the National Party of Dr. Andries Treurnicht, a hard-liner if ever there was one. And yet I was surprised to hear an Afrikaner newspaper editor, *who is reputed to have close* contacts with the Government, predict that the Prime Minister, Mr. Botha, was inexorably set on a policy of reform, that Dr. Treurnicht and his allies would be forced to bend to this policy, and that Mr. James Kruger, the hard-line minister of Justice and the Police, would be sacked in a forthcoming reshuffle.

After Transkei and Bophuthatswana, he said, one more "independent" bantustan might be created, but thereafter the homelands policy would be tacitly abandoned. Instead, the Government would in practice take over the policy of the opposition Progressive-Federal Party of creating a confederacy in South Africa, in which black townships like Soweto would become quasi-autonomous provinces. Moreover, he said, the time available for achieving these reforms had been telescoped by recent events, so that they must be implemented within the next four years; *economic forces would be binding on the Government.* "What we need now are political reforms; and the opinion polls show that the whites are ready for more integration."

Meanwhile, there are two Government-appointed commissions looking into various aspects of the constraints of apartheid on economic growth, and one senior civil servant predicted to me that their recommendations would be "revolutionary."

"Revolutionary" in South African terms does not mean "one man, one vote," or anything like it. The constitutional reform currently being debated by the National Party, which would create three parallel parliaments for whites, Coloureds and Asians, is *designed to secure allies for* the whites so as the more effectively to entrench white domination and exclude the vast black majority from any participation in the political decision-making on their future. Even this constitutional reform is fiercely opposed by the likes of Dr. Treurnicht.

On balance, therefore, it seems likely that, if the South African Government does make any concessions of ideology to the long-term interests of the whites, it will do too little and too late, and will certainly not impinge on the central issue of white supremacy.

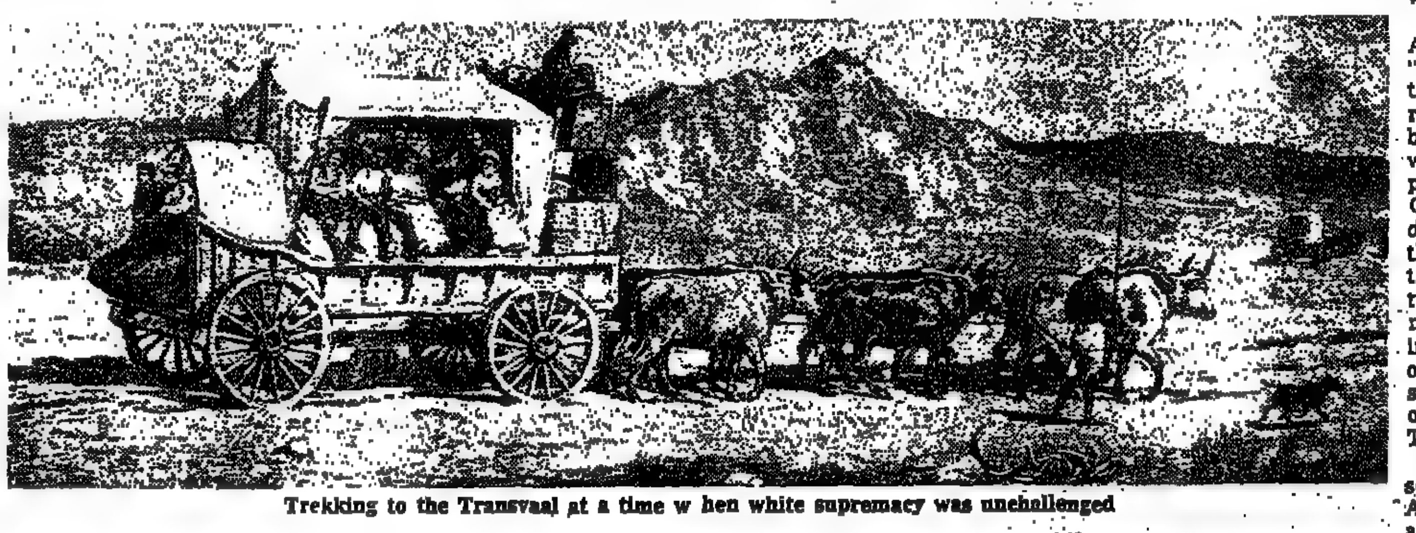
To conclude, here are four quotations:

"The trouble with you English is that you think people will always look for compromise. The Afrikaner will go on saying 'no' right until the last minute." A prominent Dutch businessman, resident in South Africa for the past 18 years.

"Nothing fundamental will change for 15 years, and then there will be a final explosion, and it will be a catastrophe." A leading Asian lawyer.

"It is not economics which will determine events, but political ideology." An Afrikaner economist.

"The Shah did things too fast: our people have learned that lesson. You must not have unbridled reform." The Afrikaner newspaper editor—the man who told me that political reforms must be achieved in the next four years.



Trekking to the Transvaal at a time when white supremacy was unchallenged

MEN AND MATTERS

Putting a premium on fear

"Most Board members become a pretty pathetic sight when having to face up to a kidnap — unless they have *already given thought to the* problem," I was told yesterday at a discreetly-organised one-day course. Living with Terrorism. The latest abductions in El Salvador are undoubtedly going to concentrate corporate minds on this far-from-pleasant thought.

"*Some of you may find it* a major problem to persuade your top executives to admit the risks they run," Dr. Richard Clutterbuck, an expert on these risks, told 32 of us who had gathered in a London hotel. But he thought that a growing number of firms dealing in sensitive areas were aware of the dangers, not least because of the individual ransoms of up to $60m paid in recent years.

Lloyds tells me that after the *Lindbergh kidnapping in 1932* it began quietly underwriting kidnap and ransom indemnity policies. It requires precautions to be taken, as with fire insurance, and sets certain rules, including the need to co-operate with local police forces.

This co-operation can be a problem in the main target area, Latin America, since many of the police forces there are corrupt, according to Clutter*buck, a retire major general;* between attending the BBC general advisory council and lecturing to the police he was chairing the course, one of *these* given regularly by Personnel Protection and Communication Services.

But he insis[illegible] on the need for co-operation a[illegible] breathing space: "It is a diffi[illegible] [illegible]t balance for time, but you have to pl[illegible]r chances both to increase [illegible]nce, and of getting intell[illegible]nts and to show governm[illegible] acting behind the police's backs."

terrorists abroad that the firm is not a soft target."

This can lead to complications. One U.S. employee of of Beatrice Foods is now suing his firm for $200m for allowing him to be held a hostage for *over seven months in Colombia.* More real are the threats by host governments who feel their authority has been brought into question. In 1976, for instance, *Venezuela threatened to nation*alise the $20m assets of Owens-Illinois, in its country after, as part of its attempts to meet kidnappers' demands, the com*pany paid for an anti-govern*ment advertisement in the local press.

While the arrest rate in Latin America is minimal, in the U.S. it has been around 90 per cent and in Britain in the past nine years it has been 100 per cent, according to Clutterbuck. He argues that corporations have to consider families and staff morale but that governments should stand firm. He adds: "Any legislation they pass to restrict *negotiations is likely* to lead to families and firms

Togetherness

Meanwhile, with an eye to security of possessions rather than of persons, a Christmas *gift* catalogue in Texas offers three His and Hers safety deposit boxes inside a mountain in Utah. Underground neighbours include major corporations and the Mormons, who keep their millions of baptism records in massive granite vaults.

The price of £45,000 for a 50-year lease on the His and Hers vaults includes "closed circuitry and hair-trigger alarms," powered for the environment-conscious couple by "waterfall-generated electricity."

Foiled again

The ineptitude of bookshop assistants, which I touched on earlier this week, seems to be a hobby-horse among the highly-literate readers of Men and Matters. Among other grotesque tales, one reader tells me of asking for "anything on Grinling Gibbons," only to be directed to the Animals shelf. Another, telephoning to request Norton's Star Atlas, was of course put through to Travel.

Tourist tombs

"The finest example of the Victorian way of death" is how the Friends of Highgate Cemetery describe their friend. Now that the 37-acre cemetery has been bought by Camden Council they are pleased that it seems to have what Nigel Shervey, their spokesman, describes as a "secure future."

But they plan to keep a watchful eye—as does Camden which hardly thinks of its acquisition as a snip at £1 an acre. It will have to shoulder restoration costs of up to £0.6m and annual *running costs of around £0.2m.*

The cemetery has been around for 146 years and the Friends for only three, but since then they claim to have put in 13,000 hours of conservation work, which in practice means checking the "greatest vandal of all," rampant undergrowth.

They are not the only organ*isation involved as Marx, buried* perhaps prophetically, near Spencer (the social theorist who coined the phrase "survival of the fittest") has his own body of admirers. But the Friends are less interested in the Eastern cemetery where Marx lies with Spencer than in the jungle-like Western one, which is usually closed. The idea is to make it into a nature reserve.

"It could be a tourist attraction like Pere Lachaise, Montmartre or *Montparnasse,*" says Sharvey, adding quickly that he means the cemeteries rather than the cafes. Apart from the elaborate graves of Tom Sayers, *the Mohammed Ali of Victorian* days, with his sleeping dog, and of George Wombwell, the 19th century menagerist, with his sleeping lion, Highgate's trees also fascinate Sharvey.

"There were deliberate areas of funeral gloom," he says, a favourite Sunday walking spot "designed to promote moral values"—of the more melancholy variety.

Tory bloomer

Whatever her political future, Mrs. Thatcher can at least be certain that a corner, perhaps several corners of a Japanese garden *will* be forever Thatcher. Margaret Thatchers are blooming in Owayana in delicate pink and white stripes, with just a hint of transparency—the fruit of three years work by a 29-year-old gardener who says he named his new rose after the Tory leader "because of her elegance and energy." Put like that La Thatcher can no doubt forgive the absence of even a trace of blue. Has Heath not anything to show more fair?

Observer

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POLITICS TODAY

A time of uncertainty

IT HAS been remarked before in this space that there is at present far less difference between the two main British political parties than meets the eye. The remark is not really about policy, though even there it has some validity. It extends much more to mood.

There have been several examples of this during the past few weeks. Indeed the more one talks to politicians of either main party, the more it becomes clear that there is a common denominator of doubt. Not only are the Labour and Conservative Parties both divided; the Cabinet is divided too, and so is the Shadow Cabinet.

There is also a quite striking lack of authority. Mr. James Callaghan, the Prime Minister, cannot always assert himself. He cannot, for instance, bring himself to dismiss either Mr. John Silkin or Mr. Anthony Wedgwood Benn, however much he might like to do so.

It is much the same with Mrs. Margaret Thatcher, the Leader of the Opposition. Mrs. Thatcher continues to harbour within the Shadow Cabinet people—such as Sir Ian Gilmour—whose views are wildly at variance with her own. Even when she reshuffles and brings back someone—such as Mr. John Biffen—said to be more after her own heart, one wonders if that is really the case. Neither in temperament nor in views, in fact, do Mr. Biffen and Mrs. Thatcher have much in common.

The lack of authority comes out again in the inability of either leadership to command its own troops in the House of Commons. In a sense this is a problem more apparent than real. It could be that both Mr. Callaghan and Mrs. Thatcher would have more success if they were prepared to exert more discipline or, alternatively, if they were ready to take the views of the troops more into account before formulating policy. Nevertheless, the problem exists.

Mrs. Thatcher experienced it last month with the revolt of Tory MPs over the vote to renew sanctions against Rhodesia. The Government was facing the same problem most of this week. It simply did not know whether it could count on sufficient Labour members to support it in last night's debate on the sanctions that arise from breaches of the pay policy.

Yet there is also a paradox. Each of the two main parties thinks that the other is stronger than it really is. The Conservative Party sits down and gloomily contemplates itself. Never before, it seems, has the Party been quite so divided; never has it been quite so bitchy. From there it goes on to quite unrealistic assessments about the future. The Labour Party is seen as becoming—in Harold Wilson's phrase—"the natural party of government" with the Conservatives resembling more and more the American Republicans, condemned to retreat still further from the centres of power in the defence of ideological purity.

At the same time, the Conservatives—or many of them—underestimate the Government's problems. Sanctions against the Ford Motor Company, they say, and indeed the whole incomes policy may be ridiculous, but there is no sign that they are unpopular with the public at large. As for the threats of trouble in the public sector and a long hard winter with the dustmen on strike all over Britain, and possibly the sewage workers as well, Conservatives tend to believe that they won't come to anything. The public sector union leaders won't really want to embarrass the Government. At the end of the day there will be a relatively modest settlement. Average earnings in 1979 will rise by around 10 per cent or perhaps a tiny bit more, but by British standards that will be success not failure, and Mr. Callaghan will get the credit for it.

Survival

That is not how the Government sees it at all. On the contrary, it foresees a long hard slog with survival at risk all the way. The threat from the local authority manual workers is taken very seriously indeed. So too is the potential opposition from Labour's nominal supporters. After all, the Government has now failed three times in its attempts to get an agreement with the unions: once on the guidelines for Phase IV last July, again at the Labour Party Conference in October, and again in the aborted statement by the Government and the TUC on collective bargaining, costs and prices last month. The defeats hurt. Yet the Government continues to want an agreement and, at the same time, to keep down the rate of inflation.

The result is that the Government has been forced to map out a strategy which goes roughly like this. The Government will try again to reach an agreement with the TUC, probably after Christmas. It is recognised that even if an accord is reached, it will be no doubt regarded by cynical outsiders as no more than an agreement to disagree. But even that could have some value. For instance, if the unions merely set down in writing their opposition to a return to double digit inflation, the Government would at least have something to wave at them in wage negotiations. The Government, for its part, might be prepared to give something in return on awards to low paid workers.

With or without an agreement, however, the pay claims will go on, and the Government has come to the conclusion that it may be obliged to make a stand in the public sector. The reasons are obvious enough. There are limits to what can be done to control wage settlements in the private sector, even with the use of sanctions. (The Government does not really believe that sanctions will hurt Ford; they are simply meant as an earnest of Government intentions.) Yet if excessive wage claims are to be resisted, the Government will have to set an example in an area where it has direct or near-direct responsibility. That means the public sector and, in all probability, the local authority manual workers.

There is no lack of awareness of the possible consequences. A prolonged country-wide strike by the dustmen, for instance, could produce close to intolerable pressures for a settlement at almost any price. There would also be charges from the Government's own side that it was seeking a confrontation much in the manner of Mr. Edward Heath with the miners in 1974. Already indeed one hears it said even by quite moderate Labour MPs that the Government's strategy is to put itself in a position where it can take on the unions, bash them, and claim the public credit for having done so.

Actually that latter view seems to be somewhat extreme. Apart from Mr. Callaghan himself, the principal architect of the Government's policy towards the unions is Mr. Michael Foot, the deputy leader of the Party. Mr. Foot is also the essential link between the Government and the Left. His own approach is that everything possible must be done to prevent any confrontation with unions resembling that between Mr. Heath and the miners in any way. The language will be different. It will be conciliatory. There will be reminders of what the Government has already done to improve industrial relations and to protect jobs, let alone to help the low paid. Mr. Foot will lean over backwards to offer more, especially in the low paid category.

Yet if the Government is to maintain any credibility, there are limits beyond which it cannot go. Mr. Foot recognises that for all the attempts to be conciliatory, the unions may still not take the bait. If that happens, and the Government wants to stick to its aim of keeping down inflation, confrontation of one kind or another will occur.

That is why the outlook from the Government front bench is by no means bright, whatever the Conservatives might think. There are obstacles at every corner, and the Government cannot even count on its troops—in or outside of Parliament—indefinitely to sustain it. Of course, it might turn out all right. There might be moderate wage settlements, or the Government might be obliged to take on the unions and then find that it reaps the rewards at the ballot-box. But at the moment no one can be sure. It might equally take on the unions and lose. There can be no confident predictions about the future.

The lack of confidence and of authority extend beyond incomes policy, as the following examples show. The Government—or part of it—would now like to end the fisheries dispute with the European Community, but there is some doubt about how far Mr. John Silkin, the Minister of Agriculture, is prepared to go along. There are also genuine doubts about whether a settlement would be acceptable to the House of Commons, and that includes much of the Conservative Party as well as the Labour Left. The Government thus cannot be too conciliatory in Brussels, even if it wants to be.

There is again the case of the cabinet minister who has emerged as the prime suspect for the leaking of the Treasury document on the European Monetary System which led to the dismissal of Mr. Brian Sedgmore as Parliamentary Private Secretary to Mr. Anthony Wedgwood Benn last month. At the time the incident led to great agitation and an official inquiry was said to have been set up. If the suspect was indeed the culprit, what is now going to happen? There is also the case of Mr. Benn himself, dissociating himself from Government policy on practically every front, yet remaining in office.

Not least, there was the case of Mr. Callaghan's return from the Brussels summit. The Prime Minister was cheered by his own benches for one sentence — usually something about putting Britain's interests first, then heard in silence for the next when he went on to speak of the country's decline and the need to consider joining the European system later. The pattern repeated itself throughout his performance. At the end the extent to which Britain is in the system and the extent to which it is remaining outside were quite unclear. At the most what the Government seems to have done is to have gained time rather than to have asserted any particular authority.

In these circumstances it is difficult to know why the Conservatives are quite so down in the dumps. They have only to look across at the Labour benches and observe the disarray. There is also the well-known theory, much held on both sides of the House, that oppositions don't win elections, but Governments lose them. That, too, should give some comfort to the Tories. But apparently it does not. Perhaps, after all, the fragmentation of British politics is really setting in: there will no longer be parties in the old sense, but only factions.

Malcolm Rutherford

Terry Kirk

Mr. Callaghan in pensive mood—but not only he finds his authority questioned.

Letters to the Editor

Offshore oil development

From the Chief Executive, Tricentrol Oil Corporation.

Sir,—In the "Lex Column" of December 4 there were some pertinent comments upon the position of the British independent oil companies in general and of Tricentrol in particular, relative to the present situation of the UK offshore oil development.

May I, as a member of the executive committee of the Association of British Oil Exploration Companies (BRINDEX) and as chief executive of Tricentrol Oil Corporation, comment from the position of an active participant?

Those of the British independent companies whose technological expertise, acumen and business sense enabled them to participate in oil discoveries before 1973 were placed in an impossible economic situation because of the uncertainties over the possible financial return from their discoveries engendered by the unquantified announcement of the impending imposition of petroleum revenue tax and the uncertainty of the terms and conditions of state participation in existing discoveries.

The normal methods of finance by additional equity or by project loans raised from the banking industry became impossible, not because of the intrinsic risks associated with the ventures or of doubt about their ultimate value, but because it was impossible accurately to forecast the impact of the measures which the politicians intended to take upon the financial returns. That financing was possible at all under these conditions reflects the greatest credit for perseverance and ingenuity upon both the oil and banking industries.

Conventional loan finance for oilfield development is available to any oil company, be it British, independent or small, which can demonstrate adequate and experienced management and can justify the loan in terms of cover for the inherent risk and show an adequate return capable of repaying both the capital and interest.

Nevertheless if the producible reserves in any field managed or participated in by either a small independent, an international major oil company, or indeed by British National Oil Corporation, are insufficient to repay the cost of development, or, except in the case of BNOC, if the impact of taxation upon the cash flow resulting from the production of such a field is not assessable in advance with a high degree of accuracy, no responsible finance house could be expected to advance money.

The task ahead of all members of the British oil industry whatever the size of the individual organisations and whether they be privately or publicly financed, part state owned or a wholly state organisation, is above all to ensure that the fiscal climate encourages individuals and corporations to engage in the high risk undertaking of exploration for oil and allows profitable investment in the development of production techniques and the hardware required for development; so that exploration continues to be adequate to discover the remaining reserves on the UK Continental Shelf and we shall have the techniques available to develop them safely certainly and at an economic price.

A. F. Fox.
Tricentral Oil Corporation.
Capel House,
New Broad Street, EC2.

Investing funds

From Mr. R. Lancaster

Sir,—Eric Short (December 2) draws overdue attention to the advantages of self-administered pension plans over insured plans to the small businessman who wishes to exercise control over the direction of investment—and many do strongly resent pension monies passing to the anonymous coffers of insurance companies.

I think it fair to add, however, that this merely extends to the small businessman a facility which has long been available to larger companies, i.e. to use pension monies in a way that suits them rather than the investing institutions. This has wider relevance in view of the current activity of the Wilson Committee.

By way of illustration, I recall one medium-sized company (which had for many years poured money into an insured scheme) feeling understandably aggrieved when the insurer in question intimated that, having regard to its overall responsibilities to other policyholders, it felt unable to support a rights issue by the company. The directors regarded it as iniquitous that their pension fund money—as they saw it—was being withheld, and shortly afterwards switched to self-administration. One can see the insurer's point, and perhaps they deserved commendation for having the courage of their convictions, but the fact remained that it was most unhelpful to their client.

Eric Short rightly states that another article would be needed to cover the moral aspects, but I would briefly question whether the "greedy (small) businessman investing his pension fund money in yachts, bloodstock, antiques or even Mediteranean villas" is, in fact, any more reprehensible than the pension funds of, inter alia, certain nationalised industries which have invested segments of their funds in works of art and other non-income-producing assets.

The argument adopted by these large funds is maximisation of long-term investment returns. The small businessman has a strong incentive to achieve just this since, if the pension fund makes unremunerative investments, it is he who will feel the pinch through having to top up the fund.

There is one other piece of discrimination against "small" self-administered funds beyond those mentioned in the otherwise excellent article. It is established at law that, if all beneficiaries under a trust are adult, sane, and like-minded, they can act in concert to terminate the trust. The Inland Revenue has expressed concern that a self-administered fund covering only a small number of people is vulnerable on this account. By this, it means that the people involved — having first obtained the tax advantages associated with pension schemes —might then dissolve the trust and enjoy the benefits in a manner not approved by the Inland Revenue; the phrase, "Having your cake and eating it," would then be a good deal more apposite than even Eric Short had in mind! Consequently, the Inland Revenue requires that one trustee or co-trustee with power of veto over the dissolution question, be its nominee . . . the so-called "pensioner trustee."

I believe that the Inland Revenue's attitude is probably ill-founded, since the possible existence of future beneficiaries — notably children not yet born — seems to hamper the dissolution possibilities. But, even leaving this reservation to one side, if the Inland Revenue adopts this attitude towards "small" self-administered funds, should it not logically extend it to insured cases? If its view is correct, I do not see that an insurance company would have any legal basis for withholding, in a parallel case, from the trustees whatever the surrender value of their policy might be. In practice, one can see that the insurer would raise every conceivable objection, but in the last analysis I cannot see that they would have a legally tenable case.

It is worth recording that certain insurance companies have apparently been sufficiently affected by the new competition to make representations to the Inland Revenue that some clamping-down is called for. Consequently, it behoves practitioners in this field to go to some pains to be whiter than white.

R. Lancaster.
243, Caledonian Road, N.1.

An admirable facility

From the Managing Director, Christian Morgan Pension Consultants

Sir,—In his article, "Having your cake and eating it" (December 2) Eric Short drew attention to the abuses that were possible in these arrangements and commented on what the official reaction might be.

In fact the superannuation funds office places much greater reliance on the "Pensioneer" trustee than is commonly understood. A number of organisations selling these schemes offer the services of a "Pensioneer" trustee on a nominal basis (that is for a nominal fee "validating the passport"), but take little active part in the decisions of the trustees. The SFO is unhappy with this attitude and I feel may well take steps to ensure an involvement as full trustee plus the additional responsibilities arising out of the specialised nature of the appointment.

The "Pensioneer" trustee, in my view, should be involved in investment decisions and, by his relationship with the SFO, by his experience and by his prudence, ensure that the other trustees pursue a responsible course. They might accept a slightly higher degree of risk than in larger funds but must not let greed and abuse spoil an admirable facility.

If the "Pensioneer" trustee follows this line, not forgetting the powerful veto he has in the extreme, then there is something "to stop a greedy businessman investing his pension fund money in yachts, bloodstock, antiques or even Mediterranean villas." Abuses will be curtailed and the scheme continue to be available to those wanting to avail themselves of its many "proper" advantages

D. W. Thomas.
26-28, Great Portland Street, W1.

Pensioner trustees

From Mr. W. Huggins

Sir,—Eric Short's interesting article (December 2) under the title "Having your cake and eating it," might have left the reader with a sense of the exotic. As a director of one of the companies named, I feel that the following points should be noted by those who might be contemplating setting up an "In House" Fund.

We know of no case where fund monies have been invested in yachts or Mediterranean villas. Whatever the investment strategy, the assets of a small self-administered fund must gain the approval of both the "Pensioneer trustee" and the actuary as each will need to be satisfied that the investments are suitable for the purposes of a pension fund.

It is our experience that the main reason for the increased interest in small self-administered funds is that the directors retain some control over the pension fund monies. Quite often we find that the funds are partly invested, either directly or indirectly, to benefit the employing company; thus assisting the enterprise in its growth and its ability to offer job security. Investment in the employing company has been a standard feature of pension funds in West Germany for many years and has undoubtedly been an important factor in the industrial growth of that nation. The Inland Revenue via the Superannuation Funds Office (SFO) does not oppose the principle of investment in the employing company but, quite rightly, sets limits as to the proportion of the pension fund that can be lent back or invested in loans, or shares.

My company is recognised as a "Pensioneer trustee" by the SFO and in this regard we are required to give certain undertakings in connection with the winding-up of the fund. We believe, however, that we have the wider responsibilities of ordinary trusteeship and in this context accept the role of administrator to the fund, ensuring that all concerned are constantly reappraised of Revenue practice which is in a constant state of development.

We are asked quite often whether the employing company's auditor or actuary should be trustees. We think not, bearing in mind that both will be required to produce reports of a completely unbiased and impartial nature.

My company believes that there would be some merit in all "Pensioneer trustees" joining together to form an association with a view to laying down a code of practice.

W. W. Huggins.
Pointon York.
The Crescent.
King Street, Leicester.

Eurocurrency markets

From Mr. D. Ashby

Sir,—Mary Campbell ("Worrying patterns in the Eurocurrency markets," November 24), describes the information available to assess the international banking system's vulnerability to "panic withdrawals of deposits" as inadequate, but then goes on to use that data to argue that the banking system has become more vulnerable. The statistics certainly are inadequate (but better than nothing). One of the major problems of using them is that they do not allow comparisons over the time period that she is considering (May 1974-May 1978), because the reporting procedures were changed substantially in February 1975.

Another problem is that the Bank of England's maturity figures apply only to Eurocurrency business booked in London, and do not take into account the increasingly important Eurocurrency business which international banks conduct in other banking centres such as Nassau, Bahrain, Singapore and Panama. So it is simply not correct to state that "the proportion of their assets which international banks could mobilise within eight days was lower than the building societies' traditional ratio of liquid to total assets." (Incidentally, I think it is rather odd to use UK building societies as a measuring rod for assessing the liquidity of international banks—the two businesses have very little in common!).

Nor is the mismatch ratio which Miss Campbell uses the most appropriate way to analyse the market's position. She concentrates on the mitmatch ratio within one specific maturity category (up to eight days), whereas it makes more sense to relate te mismatch in each maturity category to the total market size and thus, at least indirectly, to the size of the market's capital base. Miss Campbell's approach would not distinguish between a mismatch of £200m liabilities/£100m assets and a mismatch of £2bn liabilities/£1bn assets; she would describe them both as "50 per cent"! Moreover, she would still describe them both as "50 per cent" regardless of whether the total market size were £70bn or £700bn

I agree with Miss Campbell that it is important to monitor the health of the Eurocurrency markets regularly and closely. I can assure her that the international banks themselves do this, as well as the Bank of England. But I do not think that the statistics she quotes can be used to support the alarmist tone of some of her comments.

D. F. V. Ashby.
(Senior Economist),
The Bankers Trust Company,
9, Queen Victoria Street, EC4.

Help for the Fraud Squad

From the Assistant Editor The Accountant

Sir,—Your report on Mr. Tom Edwards' appeal that "The Fraud Squad needs more help from accountants" (November 30) underlines two cardinal points raised in my magazine back in 1975 when I interviewed Mr. Edwards and Mr. James Crane, the then head of the Fraud Squad.

The complexities of company legislation and the plethora of accounting standards do not make the policeman's lot a happy one. Combating fraud is an increasing problem, particularly when accountants are placed in the invidious position under contractual and statutory obligations to either qualify the accounts or refuse to act.

Despite these constraints many senior members of the profession, including some council members of the Institute of Chartered Accountants in England and Wales, supported my view for regular round-table talks between the profession and the Fraud Squad.

Mr. Crane and Mr. Edwards gave a guarded "welcome" to the suggestion—"we give talks to professional bodies bringing to notice types of fraud in vogue." To my question, whether accountants should be seconded to Scotland Yard or the DPP's office—in short, a pool of accountants which Mr. Edwards called for in your report—the reply was "only a limited number of cases merited full-scale investigation by accountants."

One-off chats to professional bodies is not good enough. Positive action through round-table talks on a regular and systematic basis is vital. Much time has been given up by some council members of the Institute and Members of Parliament to get such talks off the ground, but to no avail. Mr. Edwards appears, at last, to have taken a positive stance and the accounting profession must do the same.

While the latter continues to shout from the roof-tops about closer understanding between UK accountants and those in the EEC, and other countries and the current wails for independence of UK auditors from possible Government interference, it is pathetic that the profession does not indulge in similar actions relating to fraud problems on its own doorstep. I predict that there would be fewer Inspectors' reports on company crashes.

Colin S. W. Cassie,
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Today's Events

GENERAL

President Giscard d'Estaing of France discusses economic problems with Canadian Prime Minister Mr. Pierre Trudeau, in Paris.

Ministerial Defence Council meets at NATO headquarters in Brussels.

Last day of Financial Times' conference in Oslo on Nordic banking and finance.

Revised agreement, under which Norway purchases interest in Volvo, expected to be signed in Oslo.

General discussions, including trade, between Japan and EEC in Brussels.

U.S. Democratic Party holds three-day convention in Washington.

Delta Airlines leaves International Air Transport Association, to achieve more flexible fare fixing.

The New Zealand Star, last vessel in the yard, leaves Haverton Hill.

Marsh and Baxter bacon factory at Brierley Hill, West Midlands, closes with loss of 200 jobs.

Johannesburg Stock Exchange closed for move to new building.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: Cardiff Malting Co., K Shoes, North Midland Construction Co. Interim dividends: E. Austin and Sons (London), Bishop's Stores, James Cropper, B. Fertleman and Sons, Lennons Group, Jonas Woodhead and Sons. Interim figures: Hallam Group of Nottingham.

COMPANY MEETINGS

Ben Bailey Construction, Earl of Doncaster Hotel, Doncaster, 12. Berry Trust, 16, Finsbury Circus, EC, 12. Brooke Bond Liebig, 76, Shoe Lane, EC, 11.30. Burgess Products, Brookfield Road, Hinckley, Leics., 12. Ellis and McHardy, 6, Union Row, Aberdeen, 12.30. Highland Distillers, North British Hotel, Glasgow, 12. Lake and Elliott, Waldorf Hotel, WC, 12. Walter Lawrence, Connaught Rooms, Great Queen Street, WC, 12. R.C.F., Hockley Abbey Works, Birmingham, 12.

COMPANY NEWS

GEC ahead at £163m for first six months

IN MIXED trading conditions, the General Electric Company has lifted pre-tax profits from £144.8m to £162.9m in the six months ended September 30, 1978. External sales improved from £1.1bn to £1.18bn.

Earnings per share are shown at 14.12p against 12.6p and the interim dividend is lifted from 2p to 2.25p—the total in 1977-78 was 4.045p on pre-tax profits of £325.3m.

Orders received by the UK products group in the first half were 29 per cent higher than in the same period last year with export orders rising from £273m to £489m.

Bank balances and short term deposits, less bank overdrafts amounted to £624m at September 30, against £522m.

An analysis of turnover (in £m's) and contribution to earning (in percentages) shows: engineering £189 (£1[illegible]) and 16 (17); industrial £182 (£143) and 19 (22); electronics, telecommunications and automation £385 (£301) and 27 (22); components and cables £160 (£142) and 11 (11); consumer products £127 (£109) and 6 (4).

Overseas, shows: Europe £89 (£83) and 7 (8); the Americas £49 (£57) and 4 (5); Australasia £53 (£53) and 2 (2); Asia £42 (£37) and 3 (2); and Africa £11 (£79) and 5 (7). Exports from UK totalled £353m (£284m).

Turnover includes inter-group sales and contribution to earnings has been calculated by including the share of profits of relevant associated companies.

Demand has been generally strong in electronics and consumer products, but new business has been harder to achieve in the industrial and power engineering sectors, where margins have been under pressure. In the overseas companies, there was no appreciable up-turn in the level of business.

Meanwhile Avery, the weighing machine company, has put into motion an investigation into GEC's claim that a merger between the two groups had commercial and industrial benefits for both concerns.

Just over a week ago GEC revealed that it was considering making a bid, worth £83m, for Avery. The group said yesterday that its directors had decided to make a preliminary investigation into possible benefits of a merger.

See Lex

Pegler-Hattersley marks time as associate profits decline

ON SALES ahead from £41.49m to £46.53m pre-tax profits of Pegler-Hattersley were static in the half-year to September 30, 1978, at £5.44m, against £5.42m, after the share of associated company profits slumped from £3.41m to £2.34m.

The group says that operating performances are at present satisfactory and results for the year should be similar to those for the previous year when the group turned in profits of £12.58m.

The interim dividend is raised from 3.15p to 3.55p and the directors are forecasting the maximum for the year of 8.581p (7.685p). Stated earnings per 25p share are the same—18.5p—before tax, and 10.6p against 11.4p after tax.

The directors say that profit from trading companies was appreciably better than the previous period. The building products division benefited from improved demand from the building industry. But activity in the steel valve market remained unchanged with keen price competition in international markets.

The contribution from associated companies was substantially lower. McEvoy Oilfield Equipment results were lower than anticipated, particularly in the U.S. Fluid Control in New Zealand was affected by the downturn in the national economy, but prospects for Consolidated Brassfoundry in South Africa are encouraging.

	Half year 1978 £000	1977 £000	Year 1977-78 £000
Sales	46,841	41,458	86,825
Trading profit	3,022	2,342	6,737
Assoc. company	2,337	3,403	6,390
Interest paid	82	19	106
Metal stk. apprecn.	130	*310	*600
Profit before tax	5,437	5,421	12,581
Tax	2,334	2,088	4,912
Profit after tax*	3,103	3,333	7,669
Dividends	1,043	935	2,254
Retained	2,060	2,430	5,415

* UK tax provided at estimated rate payable for year. † Deducted.

● comment

Following last year's spectacular profits slump, Pegler-Hattersley appears to be back on a more even keel. But it took a turnaround from previous metal stock losses to lift pre-tax profits fractionally ahead of last time. While the final outcome is likely to be little changed at perhaps £13.5m, the breakdown of profits has altered significantly. Steel valves, which were hit by world wide recession in the refinery and process plant industries, remain highly depressed and this operation is barely breaking even. But elsewhere a good improvement from building products has made up for a disappointing showing from associates. This is partly due to difficulties in New Zealand but mostly because of the smaller contribution from wellhead valve manufacturer McEvoy, which was hit by poor demand from oil companies in the U.S. Current spending on sub sea valves, however, should pay off handsomely in future. Meanwhile, the building products side (taps, pipes, etc.) has blossomed as builders merchants cash in on demand for home improvements. Future growth, however, will largely depend on a better climate for steel valves which once contributed a fifth of profits. At 138p the shares stand on a fully taxed prospective P/E of just under seven and yield 8.3 per cent.

Baker Perkins down but sees improvement at year-end

AS EXPECTED, profits before tax of Baker Perkins Holdings at £3.23m for the half year ended September 30, 1978, did not match the £3.55m achieved in the same period last year.

But the directors explain that historically, first half results have not been a good guide to the year's results and this year will be no exception.

They are confident that as a result of improved order taking and in anticipation of some recovery in the European associates' results in the second half, the group's overall level of trading for the year will show a satisfactory improvement.

Earnings per share excluding extraordinary items for the first half are shown at 10.2p against 12p. The interim dividend is raised from 1.9p to 2.1p—last year's total was 4.3p from pre-tax profits of £8.93m.

Total sales rose £1.28m to £41.69m. Improved performances by the company's North American and Australian subsidiaries and a 23 per cent increase in sales in the UK market offset a fall in the value of UK exports.

The directors expect that the value of export sales in the year as a whole will exceed that of last year.

Pre-tax profits were adversely affected by higher interest expenses and a drop in investment income caused by a four-week strike which disrupted operations of the European associate.

Mr. I. H. G. Gilbert, the chairman, notes that a significant improvement in order taking has occurred during recent months and, in the half year under review, the value of orders taken was, on an annual basis, some 25 per cent higher than that of the last financial year.

At £57m the value of orders on hand at September 30, 1978, was £11m higher than at March 31, 1978.

● comment

News of Baker Perkins' bigger order book will please the market more than the nine per cent first half profits shortfall. Admittedly better things are promised from the current half and a marginal improvement at the trading level has been dragged back by higher interest charges and an exceptional fall in investment income. Borrowings, in fact, have increased both to finance stocks and pay for acquisitions. On the trading front orders from the relatively profitable baking industry have helped the Australian subsidiaries improve their contribution, while machinery for the chemical sector has made most of the running recently in the U.S. Meanwhile the new food processing companies will make little impact on the full year figures and the group currently has no further acquisition plans. Expenditure on fixed assets and R and D has been stepped up in the last few years (currently £8m and £3m respectively) and further benefits from this programme can be expected to seep through. But although overseas prospects are brighter than the UK (now only one quarter of group sales) the world outlook for capital goods is by no means exciting. At 126p the fully taxed prospective p/e of 6.8 (assuming profits of £9m) is only just over four, based on last year's tax rate. The prospective yield is 5.7 per cent.

British Sugar profit up 25% to record £25.5m

FOR THE year ended September 24, 1978, profits before tax of the British Sugar Corporation rose 25 per cent to a record £25.5m from £20.5m in the previous year. Sales improved from £268.27m to £304.22m.

Earnings per share are shown as 40p against 42.3p. The final dividend is 3.654p raising the total to a maximum permitted 5.304p compared with an equivalent 4.73p adjusted for a scrip issue and sub-division of shares.

Current cost profits before tax increased by 21 per cent to £13.4m, up from £11.1m. For the second year, the group has produced inflation adjusted accounts in accordance with the Hyde Guidelines. The principal adjustment is an increase in the depreciation charge.

Presenting the profit figures, Sir Gerald Thorley, in his full chairman's statement, reports that over 1m tonnes of sugar was delivered to customers, the highest volume ever, compared with just under 900,000 tonnes the previous year. The Silver Spoon brand is now the brand leader in sales of granulated sugar to the retail market.

The expansion and modernisation plan, which will enable it to produce 1.25m tonnes of sugar in the normal campaign is on target. Capital expenditure was £36m and will be £42m in the current year.

Sugar beet was the most profitable of any main arable crop last year. This should encourage the grower to increase acreage towards the group's target.

The chairman expects further growth in sales and profits in the current year. Its position as a low cost producer, provides a sound basis for the re-negotiation of production quotas due to take effect in July 1980.

The directors propose to introduce a share purchase scheme for employees with effect from April 1, 1979. This will enable participating employees to use up to £500 per annum of the existing employee benefit (an annual cash payment) to acquire British Sugar ordinary shares under a scheme which, it is anticipated, will enjoy the tax advantages of profit sharing schemes.

	Year 1977-78 £000	1976-77 £000
Turnover	304,225	268,267
Profit	29,374	23,008
Interest	3,798	2,540
Profit before tax	25,576	20,468
Tax	1,387	1,335
Net profit	24,089	19,133
Dividends	3,191	2,391
Retained	20,898	16,542

● comment

British Sugar's 25 per cent pre-tax profit increase on sales only 13 per cent higher reflects the successful 1977 harvest—following three appalling years—which brought an improvement in operating margins despite the fact that sugar prices rose no more than 6.8 per cent on average; the July green pound devaluation came too late to have much of an impact. In the current year market share and volume should again rise slightly, and the harvest now being brought in promises to produce over 1m tonnes of sugar, the best since 1971. The company is beginning to worry, though, about the EEC quota renegotiation. BSC may claim to be the most cost-efficient producer in Europe but it has never reached its "A" quota of 1.04m tonnes (it may just this year) and must be vulnerable to quota poaching from continental farmers, particularly if quotas are reduced overall. Rising working capital requirements, despite a reduction in debtors, and the next stage of the heavy capital investment programme will require extra borrowing but BSC has arranged substantial overdraft and medium-term facilities. At 148p the shares yield 5.5 per cent and the historic p/e is 7 fully-taxed or 3.6 on an ED 19 basis.

HIGHLIGHTS

GEC has achieved another solid advance for the first half of the year although investment income proved disappointing and the overall figures fell short of the City's hopes. At GUS half time figures check in with a 25 per cent advance in profits. Lex also considers the latest annual report from the Takeover Panel and looks at the slight decline in company liquidity which, according to official statistics, took place in the third quarter of the year. British Sugar's profits are up by a quarter reflecting last year's successful harvest, while at Baker Perkins profits are down, but the good news is that the order book is picking up, and better things are promised for the second half. Pegler-Hattersley appears to be back on an even keel but the small advance in profits reflects the turnaround from previous stock losses.

Burnett & Hallamshire increase for first six months

ANNOUNCING pre-tax profits up from £1.42m to £1.62m in the six months to September 30, Burnett and Hallamshire Holdings says it is optimistic about the second half. For the whole of last year the group turned in pre-tax profits of £3.08m.

The interim dividend is raised from 1.42732p net to 1.59382p with an additional 0.02132p for the year ended March 31, 1978. For that year the group paid dividends totalling 2.83464p.

The directors say the construction division's civil engineering and building company is expected to do better in the second half, and the division's development companies' activity will almost double in 1979-80 after the acquisition of sites at Birmingham and Bury.

The commercial division, adds the directors, will realise the major part of its annual profit in the second half.

On the mining side the acquisition of further coal reserves is anticipated on the existing major site. The evaluation of U.S. strip-mining projects is being undertaken.

Turnover for the period under review was up from £17.31m against £19.12m. Tax takes £840,000 (£738,000) and attributable profit comes out at £777,000 (£681,000) after minorities.

● comment

Burnett & Hallamshire's open-cast mining operations through its UK coal and clay activities continues to fuel group profit growth—albeit at a slower rate this time. With an energy crisis looming into the 1980s, this side of the group's business is certain to dominate for some time yet—although the previous high rate of growth from UK mining (profits up 31 per cent in the first half) is bound to slow at some point. To offset this the group is looking to extend its interests into the U.S., where prospects look exciting. An acquisition seems the most likely outcome and the group anticipates an anouncement before its year end. In the UK, steps are being taken to ensure future coal reserves and B & H are negotiating an extension to its major Midlands field. The group's other main operations in construction, oil and commercial vehicles had a mixed time but oil distributorship should see some gains in the traditionally better second half following last year's reorganisation. However immediate prospects for construction and commercial vehicles remains unexciting but B & H anticipate some gains from its increased property development business next year. Meanwhile dividends remain depressed under restraint policy. At 200p the shares yield 2.4 per cent on a maximum increase.

Mitchell Cotts on target for year: difficult trading ahead

IN LINE with forecasts for the year to June 30, 1978, pre-tax profits of the Mitchell Cotts Group, at £10.24m, are below the previous year's record of £11.67m but the net attributable figure of £3.63m has beaten the £2.91m achieved in 1976-77.

First half profits were little changed at £4.58m against £4.64m but the year's forecasts were made in the face of continuing lower profits from South Africa. In the event, the proportion of profits from that country at the year-end fell to 45 per cent against 68 per cent last year.

Many of the countries and industries in which the group is involved are facing difficult conditions, the directors now report. From early indications of the current year, they warn shareholders to expect a downturn in profits.

Earnings per share for 1977-78 are shown at 7.9p against 8.08p and the final dividend is 2.8p making a total of 3.43625p against 3.4p previously.

	Year 1977-78 £000	1976-77 £000
Profit	13,229	15,366
Interest	3,447	3,897
Associates share	454	200
Profit before tax	10,236	11,669
Tax	3,362	6,400
Net profit after tax	4,874	5,269
Minorities	938	1,318
Extraord. debits	298	434
Disputed tax overseas	—	546
Attributable	3,638	2,911
Dividends	1,755	1,704
Retained	1,873	1,207

Crean expands to record £1.52m

THE DIRECTORS of James Crean report record pre-tax profits of £1.52m for the year to June 30, 1978, against £1.13m, on turnover up by £3.67m to £21.5m.

They say that trading has continued to be satisfactory in all the group companies and it is expected that pre-tax profits in the current year will again show an increase.

At the interim stage profits were up from £503,000 to £651,000 and an improvement for the year as a whole was expected.

The final dividend, of this Dublin-based distributor of electrical and welding products and soft drink manufacturer, is increased from 5.6875p to 7.4125p net per 50p share making the total 10.5p (8.45p).

The year's tax charge takes £297,000 (£73,000) and reflects stock appreciation relief of £416,000. This figure assumes an extension of stock appreciation tax relief for the Irish subsidiaries amounting to £45,000; net profit was £1.22m (£1.05m).

Earnings per share are shown at 30.5p (26.8p) and 19.3p (15.1p) excluding the stock tax relief benefit.

All companies performed well, the directors state and the overall growth in sales and profits was evenly spread throughout the group. And it was equally balanced between Ireland and the UK.

There were no acquisitions during the year, they add.

ISSUE NEWS

Milletts 36 times oversubscribed

The £1.88m offer for sale by clothing and camping equipment retailer, Milletts Leisure Shops, atracted £69m worth of applications from the public. Applications were received from 91 employees for 75,000 shares, which have been allotted in full, and 27,332 other applications were received from the public for a total of 62,716,400 shares. Thus the issue of 1.7m shares was 36 times oversubscribed.

There will be a weighted ballot of applications for up to, and including, 4,500 shares to receive 200 shares. Applications for 5,000 shares and above will receive around 3 per cent of the amount applied for, with a minimum of 200 shares.

Market dealers last night were suggesting that in the light of the buoyant response to the offer the opening price could be some 15p above the offer price of 110p.

NEWMAN INDUSTRIES

The £4.1m cash call by Newman Industries has been taken up as to 84 per cent. Those shares offered by rights which have not been taken up have been sold in the market at a premium and the net proceeds will be distributed to entitled shareholders except that no payment will be made for less than £1.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assoc. Tooling	int.	1.4	Jan. 18	1.1	—	2.36
Baker Perkins	int.	2.1	Feb. 9	1.9	—	4.3
Brent Walker	int.	0.35	Jan. 12	0.35	—	1.25
BB & EA	int.	1.2	Feb. 16	1.1	—	2.68
British Sugar		3.65	—	3.45*	5.3	4.75*
British Tar	int.	0.38	Feb. 9	0.5	—‡	1.5
Buckley's Brewery	int.	0.6	Jan. 5	0.55	—	1.79
Burnett & H'll'mshire	int.	1.59	Jan. 23	1.43	—	2.83§
Castings	int.	0.6	—	0.42	—	1.8
Cattle's Holdings	int.	0.95	Feb.	0.83*	—	1.83*
Cawoods	int.	1.09	Feb. 1	0.97	—	3.81
Churchbury Ests.	int.	1.93††	Jan. 26	1.75	—	4.63
J. Crean		7.41	—	5.69	10.5	8.45
Isrrapipe	int.	1.06	Apr. 3	0.96	—	4.08
G.E.C.	int.	2.25	Mar. 30	2	—	4.05
GUS	int.	4.03	Mar. 30	3.61	—	8.25
Irish Ropes		8.23	—	3.01*	5.99	5.75*
Keystone Inv.		4.75	Feb. 2	4.25	6.5	6.0
John J. Lees	int.	0.8	Jan. 15	0.55	—	2.1
Mansfield Brewery	int.	2.54	—	2.31	—	7.5
Mitchell Cotts		2.8	—	2.74	3.46	3.4
Pegler-Hattersley	int.	3.55	Jan. 29	3.15	§	7.69
A. Russell	int.	1.60	Jan. 12	1.44	—	2.24
Samuelson Film		5.39	—	4.4	8.39	7.4
Stonehill	int.	3.5	Apr. 6	2.25	—‡	6
Wagon Industrial	int.	3.5	Mar. 23	3	—	7.68
Wilkins & Mitchell	int.	0.75**	—	0.25	—	0.25
John Williams		1.75	—	1.30	2.75	2.79
W. Williams	int.	[illegible]	Jan. 15	0.5	—	1.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 8p total forecast. § 8.581p total forecast. ¶ Plus additional 0.02132p. ‖ 2.075p total forecast. ** For nine months to December 31, 1978. †† Additional 0.0435p. §§ South African cents throughout.

GUS midway leap to £66.5m

AFTER A higher depreciation charge of £7.44m against £5.47m, Great Universal Stores increased pre-tax profits from £53.03m to £66.49m in the half year ended September 30, 1978.

Provisions for unearned profit, service charges and collection costs were £104.09m compared with £99.77m at the March 31 year end.

First half sales were ahead at £678.75m against £566.08m with the VAT content at £45.87m (£38.33m).

Earnings per share are shown at 13p against 10.28p and 16.26p (12.6p) excluding deferred tax. The interim dividend is raised from 3.60875p to 4.02875p—last year's total was 8.24875p from pre-tax profits of £128.1m.

	Half-year 1978 £000	1977 £000
External sales†	678,745	566,078
Depreciation	7,440	5,465
Profit before tax	66,494	53,029
Tax	34,125	27,425
Minorities	10	13
Preference dividends	35	35
Attributable	32,324	25,556
Interim dividend	10,013	8,971

† Including VAT £45.87m (£38.35m).

See Lex

Stonehill surges to £1m after 32 weeks

THE MARKED improvement mentioned in last June's annual report of Stonehill Holdings has taken place at an unprecedented high level, resulting in an upsurge in pre-tax profits from £407,000 to £1,010,000 for the 32 weeks to November 12, 1978, on turnover up from £6.74m to £10.07m.

In his last annual statement, Mr. P. Steinberg, the chairman of the domestic furniture manufacturer, said that trading for the first 12 weeks of the current year had improved dramatically over last year's same period and the order book was as a very high level.

The directors were looking forward to an excellent autumn/winter trading which, if continued into 1979, would yield a marked improvement in full year results.

For all the previous year, taxable profits of £1.01m were achieved.

Mr. Steinberg now reports that to meet the continuing high demand for the company's products, it has embarked upon a further development programme involving the acquisition of additional premises adjacent to its existing complex, and the installation of new sophisticated plant.

Stated earnings for the 32 weeks jumped from 3.48p to 8.66p per 25p share and the interim dividend is lifted to 3.5p (2.25p) net, with a final of 4.5p forecast—in 1977-78 payments totalled 6p.

	32 weeks 1978 £000	1977 £000	52 wks. 1977-78 £000
Turnover	10,073	6,741	12,890
Trading profit	1,138	507	1,194
Depreciation	128	100	182
Pre-tax profit	1,010	407	1,012
Tax	525	212	548
Available	485	195	464
Dividends	196	126	271
Retained	290	69	218

● comment

Signs of recovery were already apparent at the tail-end of Stonehill's last financial year, but the latest figures—showing profits nearly 150 per cent up on a sales increase of 50 per cent—are better than anticipated. Virtually all of the sales increased represents higher volume as the management adopted a policy of aiming for higher volume and increased market shares rather than pushing up prices. The strategy has paid off for profits have more than recovered rising to 25 per cent above the previous half-time peak and pre-tax margins are four points better at 10 per cent. The outlook for the second half is good. The current order book will take Stonehill through to next year and pre-tax profits of over £1.8m look possible. The forecast 8p dividend could still be increased, but on that basis the yield is 9.8 per cent and the p/e is 7.9 fully taxed. At 125p the shares are reasonably rated and the downside risk looks limited for the time being.

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J. Lyons well ahead to £9m at interim stage

FOR THE 24 weeks to September 15, 1978, J. Lyons & Co., the food manufacturing and catering group which is to be merged with Allied Breweries, expanded pre-tax profits from £8.4m to £9m, on turnover of £892m against £865m.

Profits included increased associates' contributions of £1.5m (£0.9m) and were struck after interest charges down from £10.6m to £9.3m.

After lower tax of £3.3m (£3.6m) and minorities, net profits increased from £2.2m to £5m.

Last year's figures have been restated so that they are comparable with the basis used in 1978 to account for the change in treatment of investment in a company, previously regarded as an associate.

The board says in view of the significant proportion of profits from companies whose years end in December, from whom accounts are available for nine months trading and whose businesses are highly seasonal, interim figures include, on a time-apportioned basis, results from their latest completed accounts as do comparatives.

No account has been taken of depreciation of freehold properties under SSAP 12, pending the completion of revaluation of UK properties.

In accordance with the terms of the Allied Breweries offer, no interim dividend is to be paid—for the last full year, a single 2.068p interim was payable on £6.23m taxable profits.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

Interims—E. Austin (London), Bishop's Stores, James Cropper, Erskine House Investments, B. Fertleman, Lennons Group, Jonas Woodhead.

Finals—Cardiff Malting, Grootvlei Proprietary, K. Shoes, North Midland Construction, White Child and Beney.

FUTURE DATES

Interims—	
Braithwaite	Dec. 13
Equity Consort Investment Trust	Dec. 20
Harris (Philip)	Dec. 20
Initial Services	Dec. 15
Kennedy Smale	Dec. 15
Standard Chartered Bank	Dec. 17
Trustees Corporation	Dec. 21
Unigate	Dec. 21
Warnford Investments	Dec. 13
Finals—	
Raeburn Investment Trust	Jan. 19
Trans-Oceanic Trust	Dec. 13

British Tar rises to £716,700

BEFORE TAX profits of British Tar Products, the bulk storage, chemical manufacturing and merchanting group, rose from £573,002 to £716,714 in the six months to September 30, 1978.

The interim dividend is raised from 0.5p to 0.575p net. When the group made a £620,000 rights issue in June this year the Board forecast dividends for the current year of 2.075p net. In 1977-78 the group paid a total of 1.804p on pre-tax profits of £1.11m.

Stated earnings per 10p share are up from 2.31p to 2.64p, and assuming full conversion of loan stock they rise from 1.91p to 2.2p.

Midway rise for Cattle's

PRE-TAX profits of Cattle's (Holdings), the consumer finance and retailing group, rose from £608,000 to £760,000 in the six months to September 30, 1978, on sales ahead from £16.1m to £21m. The group is optimistic about the second half, although a watch is being kept on the recent upward trend in interest rates.

The profit figure was struck after £425,000 (£237,000) was transferred to deferred revenue.

The interim dividend is 0.95p net, against an equivalent 0.83p. Last year the company paid a total equivalent to 1.83p on pre-tax profits of £1.47m. The interim dividend has been waived on 291,000 shares.

Tax takes £203,000 (£202,000). Extraordinary profits are up from £10,000 to £249,000, and retained profits from £223,000 to £587,000.

Wagon Industrial forecasts record

A PRE-TAX profit increase of 23.5 per cent from £1,550,000 to £1,915,000 for the six months to September 30, 1978, is announced by Wagon Industrial Holdings, and the directors anticipate that profit for the full year will show "a substantial improvement" over last year's record £3.73m.

The interim dividend, absorbing £334,630 (£283,326), is raised from 3p to 3.5p a 25p share. Stated earnings per share are up from 8p to 9.69p.

The directors expect to raise the final dividend from 4.679p to 4.997p, lifting the net total from 7.679p to 8.497p.

Group sales for the six months rose 18.3 per cent from £16.13m to £19.08m.

The present figures do not include any contribution from Cotswold Coach Craft which was acquired on October 3 this year.

The directors add that all the trading subsidiary companies are performing well.

Samuelson Film lower at £0.53m

DESPITE AN advance from £172,112 to £279,237 in second half pre-tax profits, Samuelson Film Service ended the March 31, 1978 year lower at £532,237, compared with £635,112 last time. Turnover rose from £6.68m to £8.04m.

In the first 7 months of the current year, UK turnover is up 30 per cent over 1977-78, which the directors describe as "encouraging."

Also, Panavision Inc. of Los Angeles, whom the company represents throughout Europe, has recently introduced a number of significant additions to their range of cameras and other film-making equipment, and this augurs well for the future, they add.

After tax of £299,775 (£343,676) stated earnings fell from 23.07p to 18.4p per 20p share, while a final dividend of 5.39p net, raises the total to 8.39p (7.4p)—directors and certain members of their immediate families have waived their entitlement on 150,706 (213,050) shares.

Elson & Robbins just ahead

SECOND HALF pre-tax profits of Elson and Robbins fell from £983,825 to £864,655, leaving the total for the year ended September 30, 1978 ahead from £1.74m to £1.8m. Turnover of the group, which makes springs, spring assemblies, etc., was up from £12.84m to £15.54m.

The final dividend is raised from 1.919p net to 2.142p making a total of 3.493p, against 3.129p. Stated earnings per 25p share after full deferred tax are 11.49p (12.8p) and before deferred tax 18.06p (25.78p). Tax for the previous year has been restated because of a change in the treatment of deferred tax.

Principal activities of the group consist of public works contracting, building, estate development and holding of properties for investment.

M&S Canadian base returns to profitability

Marks and Spencer's Canadian subsidiary Peoples Department Stores, Montreal, recovered from a Can.$ 7,000 loss to operating earnings of $789,000, excluding tax credits, for the 13 weeks to October 31, 1979. Sales improved by $4m to $37m and stated earnings per share amounted to 15 cents.

The company's name will become Marks and Spencer Canada Inc. as from January 1 and its year-end will switch from July 31 to January 31.

Midway rise for Thomas Warrington

Including a net surplus on the sale of uneconomical properties, amounting to £22,000 against £12,000, profits of Thomas Warrington and Sons improved from £91,000 to £104,000 in the first half of 1978. Turnover was £3.7m against £3.83m.

After tax of £54,000 (£47,000) earnings per share are shown at 1.6p against 1.4p. The interim dividend is maintained at 1.1637p—last year's total was 3.1812p on pre-tax profits of £176,000.

Recovery at Asscd. Tooling

Turnover at Associated Tooling Industries was down from £713,388 to £658,100 but pre-tax profits for the half year ended August 31, 1978 were ahead from £51,662 to £72,430.

The directors state that the overall improvement in profit margins is partly due to the closure and disposal of some unsatisfactory trading activities and to a marked improvement in the profitability of one of the group's subsidiaries.

Although one of the principal subsidiaries is still experiencing a lack of demand, the directors are confident there should be a significant improvement in profits for the year as a whole. Pre-tax profits for last year recovered from a depressed £68,410 to £109,356.

The interim dividend is increased from 1.1p to 1.4p net per 25p share—last year's final payment was 1.458321p.

	Half-year 1978 £	1977 £
Turnover	658,100	713,388
Trading profit	123,343	116,103
Depreciation	48,451	51,360
Interest payable	3,708	12,831
Interest receivable	1,388	—
Profit before tax	72,430	51,662
Tax	41,000	28,000
Net profit	31,430	23,662
Extraordinary credit†	47,877	—
Making	79,327	23,662

† Profit (after tax £21,900) on sale of freehold property.

There has been a further improvement in the group's liquidity position and the directors are actively seeking new acquisitions. And they are also in the process of taking professional advice regarding the possible cash payment to members by way of a capital reduction.

Alliance Investment edges ahead

Gross income of Alliance Investment rose slightly from £433,300 to £489,300 in the first half year to October 31 1978 and net profit was up from £182,700 to £198,400 after all charges including tax of £116,600 against £116,900.

The interim dividend is raised from 0.95p net to 1.05p—last year the company paid a final of 2.05p from revenue, after tax, of £369,000.

Barclays Intnl. held to £122m by dollar fall

ALTHOUGH adversely affected by the fall in the value of the dollar, *in which currency a substantial* part of its revenue is earned, Barclays Bank International increased pre-tax profits from £113.3m to £122.4m for the year *to September 30, 1978, with £61.1m* against £53.6 marising in the first half.

If exchange rates had remained stable throughout the year pre-tax profits would have increased further by some £12m, the directors explain.

Attributable profits rose £4m to £54.4m, after tax of £59.4m (£51m), minorities, and extraordinary credits of £2.9m this time, comprising surpluses on disposal of trade investments and on part of the group's holding in *certain* subsidiaries.

After dividends absorbing £0.6m (£0.7m), retained profits emerged at £53.8m compared with £49.7m.

A net deficit amounting to £17.7m on realignment of exchange rates arising outside the group's normal trading activities has been deducted from reserves.

The company is a wholly-owned subsidiary of Barclays Bank.

	1977-78 £m	1976-77 £m
Operating profit	112.5	103.7
Loan interest	14.5	10.1
Associates' share	23.5	19.7
Pre-tax profit	122.4	113.3
Tax*	59.4	51.0
To minorities	11.5	11.9
Extraord. credits	2.9	—
Attributable	54.4	50.4
Dividends	0.6	0.7
Retained	53.8	49.7

* Includes prior year charge £2.3m (£2.4m credit).

Boost for Wilkins and Mitchell

A *TURNROUND* from a *£611,000* loss to £644,000 pre-tax profit was made by Wilkins and Mitchell in the 26 weeks to September 30, 1978. But the Board says the improved trading results in the UK were eroded by losses in Australia.

The directors add that a rationalisation programme is underway, but the losses are continuing. The UK companies continue to trade profitably.

For the year ended April 1, 1978, the group made pre-tax profits of £64,000, compared with losses of £321,000. There was no final dividend.

Shareholders are, however, to be paid 0.75p net for the nine ths,- compared with 0 Tshr cm months to December 31, 1978, compared with 0.25p for the previous 12-month period. To *minimise* the disparity between the results of the two halves of the financial year the directors are to change the accounting date to December 31, and so the *current financial year will end on* that date.

Turnover for the half-year was £26.35m, against £20.38m. The pre-tax figure includes an exceptional *item of £473,000 (nil). Deferred* tax is £303,000 (nil)

Stated earnings per share are 3.85p, against a loss of 9.31p.

The exceptional item of £473,00 reflected a change in the time of taking profits for the service operation and a provision of about £190,000 against losses in Iran.

• comment

At the interim stage Wilkins & Mitchell has shown a £782,000 turnround to profits reflecting its progress in rationalising its major Servis washing machine business and increased orders at *the machine tool division. Pre-tax* profits of £171,000 excluding exceptional items would have been even higher but for the continued losses in Australia. *Traditionally the manufacture of* heavy presses generates up to 23 per cent of group profits but this time the contribution may have been higher with UK industrial demand for new or replacement equipment having shown an improvement over the past 12 month. The domestic appliance side—largely washing machines and tumbler dryers has also been having a better time than of late. Its strength has been the major rationalisation carried out over the past 18 months under a new management team which is operating tighter stock and financial controls. The potential of washing machine market is much more questionable given the recent pessimism of majors like Hoover over the rising level of overseas imports. *Given the traditionally stronger* second half and further gains from reorganisation nine month profits could be around £1.2m depending upon losses in *Australia where the group has* been looking for a partner or a buyer. On annualised profits of 1.6m the group is on a fully taxed p/e of 3 at 41p.

Buckley's Brewery improves

WITH TUNROVER ahead from £3.49m to £3.77m, Buckley's Brewery improved pre-tax profits from £432,565 to £466,110 in the six months to September 30, 1978.

Trading profit for the period amounted to £442,978 (£401,212) and tax took £186,444 (£173,000).

The *net interim* dividend is stepped up from 0.55p to 0.6p. Last year's total payment was 1.7873p from profits of £842,019.

John Williams advances to £1.2m

FOLLOWING MIDWAY profits up £75,000 to £450,000, John Williams of Cardiff finished the September 30, 1978 year with pre-tax surplus ahead from £910,814 to a record £1,208,365, on turnover of £20.22m against £18.4m.

Earnings per 25p share are given up from 7.79p to 8.27p and as forecast, a final dividend of 1.75p net raises the total payment from 2.19p to 2.75p.

• comment

John Williams has done surprisingly well to *lift pre-tax profits* by almost a third. While other steel stockholders are finding the going considerably tougher, Williams managed to marginally increase the contribution *of* its steel services division. The emphasis an pre-processing has certainly helped, and assuming the recession has further casualties to devour, the company *looks* in a strong position both to survive and perhaps cash in on those who fall by the wayside. For the first time, however, steel profits have dropped below 50 per cent and it is foundry products which now look set for the best growth. A major £3m investment programme is nearing completion and, more importantly, orders are flowing in. Although dependent on the automotive industry, the company claims to have lost little from the Ford strike while the application of turbochargers to disel, and latterly to petrol engines has increased the demand for Williams components. Meanwhile architectural products have edged ahead and the new double glazing line, installed at a cost of roughly £150,000, is expected to increase the returns from this *division. The steel outlook is still* grim but thanks to grants and last year's rights issue borrowings (at last year's balance sheeet date about 30 per cent of shareholders' *funds*) have apparently been further reduced by cash flow. At 31p the p/e is six and the yield 8.3 per cent.

Improving trend continues at Lombard N. Central

AFTER A sharp rise in first half profits from £3.29m to £9.87m, Lombard North Central, a wholly-owned subsidiary of National Westminster Bank, reports pre-tax surplus increased from £11.73m to £19.7m for the year to September 30, 1978.

After tax of £9.32m (£5.62m), dividends and extraordinary items, retained profits emerged at £4.76m (£4.86m), but was partially offset by a £2.21m charge arising from exchange fluctuations.

In the UK, interest rates reduced for the first half but rose in the second six months. The group's instalment credit and leasing business, including finance for industrial and agricultural equipment increased 52 per cent.

A substatnial increase in sterling retail deposits was achieved in funding this increased business, the directors state, and buoyancy in the property market enabled the company to realise and redeploy substantial funds.

Tricity Finance profits jumped from £0.82m to £1.55m.

Overseas, Lombard Australia trading in an environment of unemployment and high interest rates produced lower profits of £1.19m (£1.96m). However, the Australian economy now shows signs of revival, they add.

The New Zealand subsidiary earned £0.5m (£0.44m) profits, while *Lombard Banking (Cyprus)* notwithstanding unresolved political problems in Cyprus traded profitably but the whole surplus was placed to contingency reserve. The Maltese activity contributed £0.12m.

The directors say that despite higher interest rates and unsettled economic circumstances, the increased amount of good business on the group's books and the prospects of improved overseas results, particularly Australia, leads them to expect improved performance.

Cawoods ahead 22% midway: expecting good year's result

PRE-TAX profits up 22 per cent to £3.54m are reported by Cawoods for the first six months ended September 30, 1978.

The second half has started well and subject to reasonable weather and no serious industrial interruptions, the directors expect to produce another good year's result.

First-half turnover was only £3.2m higher at £105.2m mainly reflecting reduced oil sales to industrial customers and loss of low margin coal sales to British Steel Corporation.

Earnings per share are 6.84p (5.08p) and the interim dividend is lifted from 0.973p to 1.088p—last year's total was 3.811p from pre-tax profits of £7.76m.

Mr. Edward Binks, the chairman, says that in fuel distribution competition for the reduced national demand for oil was, and continues to be very severe.

He referred in his last annual report to the supplies of good domestic qualities of solid fuel and the group has had difficulties but with the domestic trade now the second largest market for solid fuel in the UK, the National Coal Board is giving attention to improving availability of good quality house coal, and Cawoods is hoping for improved supplies during the next few months.

There were good increases in profit and turnover in building and road materials as well as in refractories, container and other shipping services and packaging, the chairman reports.

• comment

Given that *Cawood's sales* were only 3 per cent higher, the company did well to lift first half profits by 22 per cent, especially as national demand for both industrial oil sand domestic solid fuels was around a tenth lower for the period. Without any relevant breakdown it is difficult to pinpoint the shifting emphasis of profits across the group, but obviously *Cawood's non-fuel distribution* activities did exceptionally well. Much of this improvement falls into the division supplying ready mixed concrete etc (31 per cent of profits last year), so clearly Cawoods is responding well to the small upturn in building avtivity. On the shipping services side the reported improvement was probably due to the extra container capacity at Ellesmere Port. On the fuel distributorship the company is hopeful that the NCB can *supply more high quality house* coal—however much will depend on the severity of the weather in the next few months. Overall, Cawoods should be able to produce at least *£8.7m this year. The* shares, at 146p, yield a prospective 4.3 per cent while the p/e is 8.4.

New Swan share price causes concern

The group of institutional *investors which met yesterday to* discuss Swan Hunter's capital reconstruction plans are not to join in opposing the deal.

They will make proposals to the group aimed at *improving* the marketability of new shares in Gosforth Industrial Holdings, to be issued by Swan. In addition Swan plans to make a minimum cash payment of £23.9m to its shareholders.

Under the terms Gosforth will take over the remaining Swan businesses left after the nationalisation of its shipbuilding operations last year.

The group of about six of the more prominent institutional investors in Swan met yesterday primarily to discuss the cash distribution, which had been criticised by some as being too low.

It was decided that it would not be in shareholders' interests to block the capital reconstruction, but that steps should be taken to ensure that Gosforth's market value adequately reflected the bank balance and quoted investment being retained.

£774,000 at Irish Ropes

PRE-TAX profits of Irish Ropes for the 18 months ended September 30, 1978 were £774,599 compared with £666,000 for the previous year. *Turnover was up from* £13.32m to £18m, of which £1.6m was attributable to three acquisitions made during the period.

On increased capital earnings are *shown* as 17.9p per 25p share compared with a previous 18.8p and the dividend is effectively stepped up to 5.9875p (3.74875p) net with a final of 3.25p.

Referring to the company's investment programme the directors say that sales, interests costs and development costs increased as expected.

Piccadilly unit trusts relaunched

The unit trusts of the troubled Piccadilly group were yesterday relaunched by their new managers, the Antony Gibbs merchant banking concern.

From next month the nine Piccadilly funds will carry the Antony Gibbs name and they will take the total number under *its management to 12.*

Antony Gibbs bought the group earlier this year after Piccadilly figured in a Stock Exchange investigation.

Antony Gibbs *said yesterday*: "We have undertaken a thorough review of all the former Piccadilly trusts and many changes have been made to the portfolios. As a result, there were some occasions of setbacks in unit prices over the past few months while the changes were *being made, although some of the* trusts required very little change and have performed well against the market."

The Antony Gibbs group has expanded its unit trust investment management department to accommodate the expansion.

Pitman advances midway and on target for year

THE DIRECTORS of Pitman report a rise in pre-tax profits from £997,000 to £1.14m for the half year to September 30, 1978, on turnover ahead to £13.45m against £12.05m.

Particularly gratifying, they state, is the continuing improvement in performance of the print*ing division. And they add that* trading profits would have been boosted by a further £150,000 from Canada and U.S., if their contributions had not been adversely affected *by the depreciation of the* dollar—around its lowest ebb on September 30.

As the proportion of trading profit tends to be greater in the first half, results for the second six months are not expected to equal these in volume. Never the less, directors say that profits are *on target for the year and they* see no reason to believe, at present, that the group's budgeted profit will not be achieved. Pre-tax profits for the 1977-78 year were a record £1.37m.

Following the reorganisation of the group's capital structure, merging preferred ordinary and deferred ordinary shares into ordinary shares of 30p, an interim dividend of 1.3p was paid in October—the directors *forecast a total of not less than 2.333p for* the full year.

Pre-tax figure was after interest £293,000 (£302,000) and was subject to tax of £433,000 compared with £365,000 last time.

BANK RETURN

—	Wednesday Dec. 6 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	26,177,760	— 12,080,649
Special Deposits	1,104,915,000	—
Bankers	357,803,137	—118,948,303
Reserves & Other Accs	669,602,108	+ 12,824,556
	2,172,050,996	—118,174,796
ASSETS		
Govt. Securities	1,775,561,086	—129,090,000
Advances & Other Accs	208,826,086	— 6,328,316
Premises, Equip't & other Secs	168,983,614	— 1,750
Notes	20,858,732	+ 17,760,901
Coin	221,476	— 15,661
	2,172,050,996	—118,174,796
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes issued	8,925,000,000	+175,000,000
In Circulation	8,904,141,268	+157,239,099
In Bank's Dept	20,858,732	+ 17,760,901
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	7,899,458,536	+431,769,596
Other Securities	1,014,526,364	—256,769,596
	8,925,000,000	+175,000,000

Unchanged bonus from Provident Life

Unchanged bonus rates on all its with-profits contracts for 1978 is announced by Provident Life Association of London: the company, as usual, being the first to publish its bonus declaration for the year.

On its compound bonus series, *the rate remains at £4.25 per cent* of the basic benefit plus existing bonus additions and on the simple bonus series, now closed to new business, the rate remains at *£4.65* per cent of the basic benefit. Also on the series the final bonus payable on death or maturity claims is kept at 15 per cent of all previous bonus additions. On pension fund contracts the rate is £3.50 per cent.

Although the company declares reversionary bonuses every year, *it makes a full review of the* financial position every three years, in common with many life companies.

This year is the second of the current triennium, so a complete review will be made in 1979. But unlike other companies, it compounds the bonus annually, instead of every three years, thus giving policyholders a better deal than the figures indicate at first glance.

On the system used by other *life companies, the compound* rate on a triennial basis would be £4.43 per cent.

JOHN BROWN 93.7% TAKEN UP

John Brown's rights issue raising £16.5m has been taken up as to 93.7 per cent. The balance has been sold and net proceeds will be distributed to entitled shareholders.

Deanson on target at £202,346

In line with the midway forecast of profits in excess of £200,000, Deanson (Holdings), the printing and stationery group, expanded taxable surplus to £202,346 for the year ended September 30, 1978, compared with te previous year's £132,908. *Turnover* rose from £3.19m to £3.73m.

When reporting mid-year profits up from £64,785 to £115,000, the directors anticipated that second half results would approach those of the first six months.

After tax of £100,809 (£67,435) yearly earnings increased from 3.29p to 4.65p per 10p share, and the dividend is stepped up to 2.34p (2.095p) net.

BIDS AND DEALS

LRC expands further in U.S. with £2m purchase

LRC International, the rubber gloves, contraceptives and toiletries group has paid £2m to acquire three privately owned U.S. companies marking a further stage in its North American expansion programme.

The companies acquired—Bates File Manufacturing, H. C. Cook and the Lighter Corporation—had a combined turnover of US$10m (£5.1m) last year.

Goods manufactured by the three include: manicure items, pocket screwdrivers, letter openers, and lighters. The companies will be joining LRC's recently formed North American division currently comprising of the Canadian and U.S. Schmid companies.

Last year these earned £1.2m pre-tax profit out of total group profits of £6.8m.

ARGUS/TRIDANT ACCEPTANCES

The offers by Argus Press to acquire Trident Printers has been accepted in respect of 4,103,017 ordinary shares (97.4 per cent) and 139,009 3.5 per cent cumulative preference shares (90.3 per cent).

Argus did not hold any shares in Trident before September 29, but since that date acquired 168,000 ordinary Trident shares.

Also since that date persons acting in concert have acquired 791,136 ordinary shares in respect of which they have accepted Argus's offer.

Aggregate of acceptances represents 97.5 per cent of issued capital of Trident.

Neither did Argus hold any preference shares before announcement of offers and has not acquired any such shares. Since September 29.

Persons acting in concert with Argus have acquired 3.77 preference shares in respect of which they have accepted the offer. Ordinary and preference offers became unconditional on November 17 and remain open for acceptance.

Argus intends to apply provisions of Section 209 of the Companies Act 1948 to compulsorily acquire the outstanding ordinary and preference shares.

BMCT IN NEW SHARE DEAL

Mr. Graham Ferguson Lacey's private investment vehicle Birmingham and Midland Counties Trust has acquired a 16.3 per cent stake in Edinburgh and General Investments.

The acquisition has all the hallmarks of earlier deals put together by Mr. Lacey, who has been appointed chairman of EGI on the resignation of Mr. B. Bennie.

Mr. Lacey, as in many of his other deals, has said that he will increase his stake in EGI, but not to more than 29 per cent. The deal comes just five days after BMCT announced it had bought a 23.08 per cent stake in Brooke Tool Engineering.

BRITISH VENDING

British Vending Industries has purchased the whole of the issued share capital of Gloster Crusader Operators for the consideration in cash of £110,000.

GCO is engaged in providing a service for customers for the supply of food and beverages from vending machines.

The value of the net assets of GCO at March 31, 1978 amounted to £46,000. The profit before tax for the year ended March 31, 1978 was £19,000.

ROBERTSON FOODS

The acquisition of Unicam by Robertson Foods has been completed.

PIONEER IN UK

Pioneer Electronic (Europe), a subsidiary of Pioneer Electronic Corporation, has acquired the entire issued capital of Shriro (United Kingdom), its audio equipment distributor in Britain. The UK firm will be re-named Pioneer High Fidelity (Great Britain). Capitalised at £30,000, it is Pioneer's third marketing firm overseas, following Pioneer-Melchers in West Germany and Pioneer Electronics Denmark.

AUDITORS MERGER CONFIRMED

The partners of Whinney Murray and Co. and Turquands Barton Mayhew and Co. confirm that, for some time, discussions have been taking place which may lead to a merger.

AURORA AGREES TO SELL OSBORN STAKE

Aurora Holdings has agreed to sell its 66 per cent holding in Samuel Osborn SA for R8.1m (£4.8m) including a dividend of R0.16m.

The South African Reserve Bank has agreed that the buyer, Haggie, should pay R5.4m in U.S. dollars as a capital repayment and the remaining R2.6m in transferable currency by way of a special dividend payable by Samuel Osborn SA in six monthly instalments. These will be subject to South African witholding tax of 15 per cent.

The offer from Haggie is conditional on consents from the UK authorities and the passing of resolutions by a general meeting of Osborn. A majority of 75 per cent is required for these resolutions to be passed.

The net assets of Osborn attributable to Aurora amounted to R7.3m (£4.3m) on September 30, 1977, and the net profits attributable for the year ended on the same date R1.1m (£0.6m).

Brent Walker well up in first half

REPORTING TAXABLE profits ahead from £43,594 to £193,273 for the 28 weeks to July 16, 1978, on turnover of £3.89m against £3.13m, the directors of Brent Walker, the leisure group, confidently forecast full year results will be in excess of 1977, when a £401,481 surplus was achieved.

The longer term outlook looks bright, they state, with the returns from the company's major investment programme of the last two years making a substantial contribution to earnings in 1979.

There was no tax charge for the period, against a restated £30,700, and stated earnings jumped from 0.17p to 2.76p per 5p share. The interim dividend is kept at 0.35p net—last year's final was 0.90121p.

All trading activities performed satisfactorily over the period, the directors report.

Churchbury Ests. higher in first half

With net rents and other income higher at £255,106 against £230,583, pre-tax profits of Churchbury Estates advanced from £122,591 to £182,119 for the half year to September 30, 1978.

The directors consider the full year's results will prove very satisfactory and show a good increase over last year's record £275,745 pre-tax profits.

After tax of £94,733 (£56,072) half-yearly earnings rose from 4.1p to 5.46p per 25p share. The interim dividend is lifted to 1.928p (1.753p) net, with an additional 0.0435p on ACT reduction—the 1977-78 final was 2.877p.

A professional revaluation of the company's properties at August, 1978 reveals a 15 per cent increase to £7.39m over the March, 1977 valuation.

Castlefield Rubber off £230,000

On turnover down from £1.46m to £1.3m pre-tax profits of Castlefield (Klang) Rubber Estates fell to £476,623 for the year to June 30, 1978, against a previous record £706,957.

Earnings are shown as 9.93p per 10p share compared with 10.43p and a final payment of 2.25p makes the total 3.35p. Last year's total of 9.8p included a special distribution of 6.5p.

At halfway profits were down from £304,000 to £257,000.

Pre-tax figure for the year included investment and other income of £190,800 against £236,111 and was subject to tax of £178,695 (£394,166); the directors say the tax figures are not comparable because of the effect of ACT on last year's special dividend.

There was an extraordinary debit of £3,738 for the year compared with a £28,789 credit.

Mansfield up at midway

FROM turnover of £14.02m against £8.64m profits of the Mansfield Brewery rose from £1.4m to £1.78m in the half year ended September 30, 1978. Profits for the previous year totalled £2.71m.

The half year profit is struck after all charges except tax of £810,000 against £732,000.

The interim dividend is lifted from 2.31p to 2.54p—last year's total was 7.5p.

John J. Lees sees profit downturn

John J. Lees, confectionery maker, raised turnover from £704,456 to £714,409 in the half year to September 30, 1978 but pre-tax profits were lower at £48,489 against £54,009 in the same period last year.

And it seems likely that profits for the current year will be less than the record £133,000 achieved in 1977-78, "but hopefully not materially so," the directors say.

The first half profit includes a gain on the sale of fixed assets of £9,005 (£484). Tax charge is £24,718 against £28,085.

The interim dividend is stepped up from 0.55p to 0.6p—last year's total was 2.1p.

As previously indicated, it has been difficult to maintain sales in the six months just ended, at the high level recently achieved, the directors say.

There has been no material improvement in the sales performance to date, but the Board is hopeful that the efforts being made to correct this will become effective in the last half of the current six-month period.

Castings leaps £154,000

PRE-TAX profits of Castings, the malleable ironfounders, went up by £154,000 to £356,000, on turnover ahead from £2.11m to £2.77m in the six months to September 30, 1978. Tax takes £185,000, against £105,000.

The interim dividend is up from 0.42p to 0.6p net. The total last year was 1.795p from pre-tax profits of £782,300. The chairman has waived his rights to the interim dividend.

Ladbroke's investment plans

Ladbroke Group plans to generate less than half of its group profits from gaming by 1981 and will spend around £50m to achieve this, Mr. John Jarvis, the chairman and managing director, has told Extel. Currently non-gaming interests provide only 30 per cent of profit.

Mr. Jarvis indicated that Ladbrokes would be investing between £15m and £20m over the next three years in expanding its hotel and holiday operations.

A. Russell jumps at mid year

Pre-tax profits of Alexander Russell jumped from £313,408 to £524,041 for the half year to September 30, 1978, on turnover well ahead from £4.99m to £6.8m. Profit for the previous year was £503,000.

The interim dividend is increased to 1.688p (1.44p) net per 10p share. Last year's final was 0.803p.

Profits for the six months were subject to tax £272,501 (£162,972) and minorities £28,151 (£13,838) leaving a balance of £223,389 compared with £136,608.

J. A. DEVENISH

J. A. Devenish and Co. has clarified yesterday's preliminary results statement.

For the year ended September 29, 1978, profits increased from £1,318,190 to £1,370,835, before tax of £598,746 (£608,665) and extraordinary credits of £172,771 (£125,894).

MINING NEWS

Utah's coal contract pleases Australia

AUSTRALIA'S largest coal exporter, Utah Development Corporation, which is 89.2 per cent owned by America's Utah International, has extracted better terms from the Japanese steel mills for new contracts than those obtained by other coal suppliers in recent negotiations, reports James Forth from Sydney.

The new contract is the first negotiated since the Australian Government announced stricter export controls on iron ore, coal, bauxite anda lumina and has already been claimed as justification for the new policies. It coves the sale of about 6m tonnes of coal over the next two years, worth more than A$200m (£117m).

The terms are much better than a contract recently approved by the Australian Government for another Queensland coal operation, that of Thiess-Dampier-Mitsui, before the new export controls were introduced.

The average price for coal from Utah's Blackwater mine under the new contract is US$50.40 (£26) a tonne with a base price of US$49.50 a tonne. This compares with the old price of US$52 per tonne. But, with relaxed penalties for impurities, Utah will receive almost the same price. Moreover, the new contract retains the principle of price escalation and avoids recession clauses.

The Thiess consortium settled on a price of US$48.50 a tonne, and reduced sales tonnages, for comparable coal to Utah's, while the Canadian exporters are receiving about US$49.50 a tonne.

The new Utah deal comes at an opportune time for New South Wales producers which are now starting negotiations for the two-year period from April 1979 to April 1981.

Australia's deputy Prime Minister, Mr. Douglas Anthony, said the Utah negotiations had shown that commercial mineral talks could be carried out successfully within the context of the Government's revised export control procedures.

"The outcome was fair and reasonable to all parties. It is particularly pleasing that Utah, with the support of the Government, has been able to retain the principle of escalation and to negotiate terms and conditions which do not include such onerous features as a recession clause. On both matters the Australian coal industry generally has been expressing great concern to me," he said.

In another move, the New South Wales coal producer, Kembla Coal and Coke has obtained a contract to supply 1.3m tonnes of coking coal, worth more than A$30m to Pakistan Steel over five years from 1980.

The general manager of KCC said it was the first sale of Australian coal to Pakistan and represented an important new export market. The Australian Government had approved the contract which did not breach the export control guidelines.

OCEAN NODULES RAISED FROM 3-MILE DEPTH

The successful recovery of ocean-bed nodules from a depth of 3 miles has been achieved by Ocean Mining Associates, the sea-bed mining consortium of Belgium's Union Miniere and U.S. Steel and Sun companies.

The metal-containing nodules were raised by a test mining ship at the design rate of 50 tonnes per hour from an area approximately 1,200 miles south-west of San Diego.

The ship used, "Deepsea Miner II," is a converted 20,000 tonnes ore carrier with an overall length of over 540 feet. A much larger vessel would be needed to support a full-scale commercial operation which would require a recovery rate of over 250 tonnes of nodules per hour.

OMA is to analyse the vast amount of technical data gathered during the latest and previous cruises before "Deepsea Miner II" embarks on her next test. Despite the success of the latest effort, OMA stresses that many engineering problems remain to be solved before ocean mining can be practiced commercially.

Randfontein paying 250c

A FINAL dividend of 250 cents (149p) announced by the South African Johannesburg Consolidated group's Randfontein gold-uranium mine is just about in line with expectations. It brings the 1978 tot al to 450 cents against 350 cents for last year.

Less satisfactory are the final dividends declared by Western Areas and Elsburg. Th eformer is paying 12 cents to make a year's total of 20 cents against 13 cents while the latter's final of 7.8 cents makes 13 cents against 8.4 cents.

Peachey makes progress

Lord Mais, chairman of Peachey Property Corporation, tells shareholders in the group's 1978 accounts that the year "has been a hard and difficult one, with much valuable time spent dealing with the problems of the past."

The accounts, published three months earlier than last year's, provide few surprises. As reported at the preliminary stage last month, pre-tax profits in the year to June 24 reached £1.9m after 1977's £87,000 loss leaving attributable profits of £501,000 (3.9p a share).

A June revaluation of group properties shows commercial holdings worth £29.9m and residential properties (including the Park West apartments) valued at £21.3m giving a total portfolio value of £51.5m, a net surplus over book value of £4.7m.

Property sales brought in £4.7m in the year, and a £3.4m reduction in borrowings, to a net £15.7m, cuts the annual interest bill by £450,000, and, along with the portfolio revaluation, that boosted net asets to £28.9m, or 132p a share.

Peachey's shares which were already discounting the figures, rose just ½p to 88½p yesterday.

Rationalisation of the business following the departure of the late Sir Eric Miller last year is proceeding well, with the group's 400 subsidiaries now trimmed to just 16 active companies and all the non-property interests sold.

Lord Mais reports that "claims against the estate of the late Sir Eric Miller and others are being pursued and are in the course of legal process. It is difficult to estimate when they will finally be resolved but it is hoped that some at least will be disposed of by next year when the Department of Trade's report should have been published and fuller details of the assets of the estate known."

PROPERTY DEALS

● Abbey Life Property Fund, advised by Hillier Parker May and Rowden, has paid £2m for the 36,000 sq foot Fitzpatrick House at 14-18 Cadogan Street Glasgow from Fitzpatrick Securities. The building, let for a total rent roll of £115,000, gives the fund an initial return of 5.25 per cent.

● The Nuffield Foundation has accepted an initial yield of 4¾ per cent on the £280,000 purchase of a shop at 30/30a Westgate, Mansfield Molyneux Rose, on behalf of a Midlands fashion group, bought the freehold building earlier this year and, after rebuilding, re-let the space to J. Weir and Sons for £13,750 a year on a 25-year, five-yearly reviewed lease. Chestertons advised the fund on the purchase.

● LCP Holdings has cleared an £800,000 dealing surplus on the sale of its surplus distribution depot at Saltwell. The 1950's building has been leased by the group to a private export packaging business since 1974 and produced £42,000 rent last year. It has now been sold to an insurance company for £950,000 cash.

● Only four months after their arrival at Bank and Commercial Holdings Messrs. J. Green and G. Spanner resigned from the Board on November 29 and Mr. K. Borneo resigned on December 5. Messrs. Brian M. Troup and Anthony J. Gunbiner were appointed on December 5. Clifton Investments, of which Mr. Green is chairman, is no longer interested in 5 per cent or more of the company's shares. Hallwood Estates holds 3,075,000 shares (7.8 per cent).

NORTH AMERICAN NEWS

Court ruling on Occidental bid for Mead imminent

BY DAVID LASCELLES

NEW YORK, Dec. 7.

THE JUDGE in the bitterly contested Occidental Petroleum-Mead takeover case in Dayton, Ohio, today began considering his ruling on a request for a temporary restraining order to prevent Occidental going ahead with the acquisition.

Although Judge Carl Rubin set no date for his ruling, both he and court officials said the need for speed was recognised.

Final arguments in this stage of the case were heard yesterday, but whichever way the judge rules, there are still several other suits and counter-suits to be heard before the matter is finally settled.

The case arises out of Occidental's attempt last August to take over Mead, the Dayton-based forestry products company, in a deal analysts have valued at around $1bn. Occidental itself has refused to put a price tag on it. Since then, the takeover has turned into one of the most hard-fought of recent years.

Mead swiftly resorted to the courts, charging that the takeover would violate anti-trust laws, and that Occidental had also breached U.S. securities laws. The company was joined in its opposition by the Justice Department which charged that Occidental and Mead had overlapping interests in production of sodium chlorate, coking coal and carbonless copying paper.

Occidental, which had been boosted by a finding from the Ohio Securities Division that it complied with the State's takeover laws concerning disclosure to Mead shareholders, said it would be prepared to divest itself of these interest in order to get approval for the takeover.

Pending resolution of these suits, both Mead and the Justice Department asked the judge to grant a temporary restraining order, on the grounds that if the takeover went through, it would be virtually impossible to disentangle the two companies later if the court ordered the merger to be reversed after hearing all the other pending suits.

Occidental's position was recently complicated by its disclosure in documents filed with the Securities and Exchange Commission in connection with the Mead tender that its affairs were being investigated by the SEC to see if its filings with the Commission since 1975 had been accurate. Although the company's documents said the implications of this for the Mead takeover were uncertain, it did not say they were immaterial, which would be normal.

Turnround at Tesoro

By Our Financial Staff

TESORO PETROLEUM has recorded a net profit of $2.5m for the fourth quarter of 1978, completing a dramatic recovery from a near disastrous financial performance in 1977, which was capped by a $28.5m loss in the final quarter of the year.

The refining company, which once held 37 per cent interest in the financially-troubled Continental Oil Refining Company of Puerto Rico, earned $329.4m or 19 cents a share in the final quarter compared with $302.8m or a loss of $2.32 in the same period last year. Corco has since sought protection from its creditors under U.S. bankruptcy legislataion.

For the year, Tesoro had a net profit of $21.6m or $1.75 a share, compared with a loss in 1977 of $67.7m or $5.52 a share.

Brown-Forman Distillers increases whisky sales

BY OUR FINANCIAL STAFF

FEARS OF disruption of supplies following the expiry of a labour contract led to a significant boost in sales for Brown-Forman Distillers in the second quarter to October 31. Sales improved to $171m fro ma corresponding $111m, whereas net earnings rose to $12.9m from $8.2m for the same period in 1977. Per share earnings increased to $1.01 from a corresponding 64 cents.

The company's labour contract at its Louisville production facilities was due to expire on November 30 but a new three-year contract was ratified on December 2.

The company said the new contract's provisions for wage and benefits increase fall within recently announced federal guidelines.

First-half sales were $284m compared with $214m a year ago, and all of Brown-Forman's major brands continued growth patterns based on case sales from the wholesale to the retail trade.

Volume sales for Jack Daniel Tennessee whiskey was considerably ahead of the corresponding 1977 period, when there was less matured stock available.

Television advertising boosted volume expansion of Bolla and Cella Italian wines and further growth was again shown by Korbel California champagne and brandy.

The company's Old Forester and Early Times Kentucky bourbons product lines had good gains in the period

RESULTS IN BRIEF

Yen losses upset Oscar Mayer

NEW YORK, Dec. 7.

MEAT PRODUCTS manufacturer Oscar Mayer and Company suffered a sharp decline in net income for the year to October 28. On sales ahead from $1.19bn to $1.35bn, net income fell from $35.02m or $2.43 a share to $26.03m or $1.79 a share. The company said that about 75 per cent of $6.8m of the decline was due to an increase from $2.02m to $8.85m in unrealised losses on currency translation involving the yen.

The balance of the drop was attributed by the company to increased costs of raw materials, labour and supplies that could not be fully recovered through price increases. Sales volume in weight was down by 1.4 per cent from the level of 1977, but in dollar terms sales were up by 13 per cent because of higher prices.

The company said that demand for its processed meat products remains strong, and the record corn crop this year is expected to lead to increased supplies of pork and more stable raw material costs

For the fourth quarter, Oscar Mayer reported net income up from $8.87m to $9.04m. Because of an increase in the average number of shares in issue, net earnings remained level at 62 cents a share.

Meanwhile, for the first quarter of the current financial year, United States Shoe Corporation improved per share earnings from 91 cents to $1.20, while for the first half Handleman, the records and tapes distributor, advanced from 81 cents to $1.37.

In the first nine months, clothing patterns manufacturer Simplicity Pattern moved ahead slightly from 74 cents a share to 76 cents, Longs Drug Stores improved from $1.25 to $1.50, and retailer Wickes Corporation advanced from $2.06 to $2.56 a share.

CREDIT FONCIER FRANCO-CANADIEN

The Quebec government steps in

BY ROBERT GIBBENS

ONE OF CANADA'S oldest financial institutions, the Montreal-based Credit Franco-Canadien, has quickly sidestepped the embrace of an "upstart" from the Maritime Provinces, Central and Eastern Trust Company, based in Halifax.

The situation is not without irony. The independentist Government of Quebec Premier Rene Levesque has played the basic protective move. Credit Foncier, with assets of C$1.2bn and mortgage and financial services operations across Canada, is incorporated under a Quebec Charter.

The Quebec Government says it will bring down special legislation next week giving it power to scrutinise and block any takeovers of Quebec lending or financial institutions operating with Provincial charters, including transactions in progress or planned in the future. Within that net comes the C$65m (U.S.77m) bid by Central and Eastern Trust for 55 per cent of the Credit Foncier stock outstanding.

This appears to checkmate the expansion plans of Central and Eastern, itself a merger of two small trust and loan companies two years ago into a financial services group with assets of about C$1.2bn.

It operates mainly in the Martime. However, many had hoped some fairy godmother might find an "acceptable" suitor for Credit Foncier, and one tailored to the scope of its national operations and, in recent years, slightly less conservative image. As it now stands, any change in control would come under the scrutiny of the Quebec Government.

While commercial banks operate under Federal Charter and Federal Laws, trust companies traditionally have been provincially incorporated, partly because provincial legislation affecting individuals has a strong impact on them.

On Monday, trading in the stocks of both Credit Foncier and Central and Eastern was halted on the stock exchanges. On Tuesday, Central and Eastern put out a statement saying it would offer C$138 a share for 475,000 shares of Credit Foncier—the last trade had been around C$100. Those shares represent 55 per cent of outstanding stock.

Central and Eastern added a "come-on." It said it had received assurance that about 20 per cent of the Credit Foncier issued shares were represented by holdings of the French Paribas banking group on behalf of itself and French and Belgian investors. This stock would be tendered under the offer.

A few months back, Central and Eastern, controlled by a well-known Moncton lawyer, Reuben Cohen, and a Montreal entrepreneur, Leonard Ellen, had tried hard to gain control of Crown Trust, of Toronto, but lost out to the Argus Corporation interests.

About 60 per cent of the total Credit Foncier stock is believed held in Europe, mainly in France and Belgium. Two representatives of Paribas sit in the Credit Foncier boardroom, and two from Credit Lyonnais.

Quebec's plans to scrutinise and block takeovers of any provincially-chartered financial institutions will forestall Central and Eastern's takeover bid of Credit Foncier, but may not be the end of the affair

Central and Eastern said management of Credit Foncier would be asked to stay of if its bid succeeded, and the company would own independently.

The presient of Credit Foncier, Mr. Raymond Lavoie, who has worked hard to increase the scope of operations, said he was "surprised" by the bid statement, but thet Board would not comment publicly till after a formal offer had been received.

He drew attention to the fact that Central and Eastern is a Federally-chartered trust company, and hinted that the Quebec Government would look carefully at any plan for a Federally-chartered institution to take over a Quebec-chartered one.

Within 24 hours, the Quebec Government said it would bring down special legislation requiring its approval of takeovers of provincially incorporated institutions. Several times in the past year, it has said a Quebec version of the Federal Foreign Investment Review Act was planned to "protect" Quebec from excessive foreign control.

Credit Foncier was set up in Montreal in 1880, and the the Paribas Group headed the hyndicate which financed it. It expanded almost immediately to Toronto and by 1907 had branches in Winnipeg, Edmonton, Regina and Vancouver, operating in the mortgage lending field. Now there are 19 branches including one in the Maritimes, plus the headquarters in Montreal.

The company is well known for offering a slightly higher rate on its debentures and other instruments sold to investors. It has been known as a strongly conservative organisation in its main mortgage business, but agressively adding financial and general trust company services in recent years. In the first nine months this year, it had earnings of C$7.5m, including gains on sale of real estate, against Central and Eastern's C$5.6m.

Credit Foncier also controls a real estate investment portfolio of C$100m or more, mainly in western Canada.

It had a major investment in Francana Oil and Gas, itself controlled by the Anglo-American Group in Canada. This has been reduced to 4 per cent, but the company also has about 270,000 shares of Hudson Bay Mining and Smelting, the main mining and minerals arm of Anglo-American in Canada acquired from the Whitney family of the U.S. 15 years ago.

Some commentators saw Paribas leaving Quebec after many years and French and Belgian investors willing to take cash now in view of the uncertain political future of Canada.

However the Paribas Group has recently taken a 20 per cent stake in the equity of Power Corporation of Canada. Its voting interest is 10 per cent. Power Corporation, a holding company controlling financial, industrial and resource companies and headed by Montreal financier Paul Desmarais, has sharply increased its holding in two key subsidiaries, Great-West Life and Investors Group. Montreal Trust, a national trust company, is also within the Power Corporation fold, and is in the process of separating its Quebec business in the traditional provincially chartered entity from assets held in other parts of the country to be put under a Federally chartered umbrella.

The Central and Eastern approach may have been turned away, but it may not be the end of the affair.

Consolidated Foods gains majority of Hanes shares

CHICAGO, Dec. 7.

CONSOLIDATED FOODS Corporation has concluded its cash tender offer for any and all shares of Hanes Corporation and has acquired or has agreements to purchase about 75 per cent of the outstanding stock.

Consolidated was paying $61 a share for the Hans stock.

The company said Hanes stockholders tendered 30.2 per cent of the 4.3m outstanding shares.

Prior to the tender, Consolidated owned 21 per cent of the stock and had agreements to buy an additional 23.7 per cent from Mr. James Gordon Hanes Jr., the chairman of Hanes, members of his family and others.

Consolidated said it is expected that proxy materials will be mailed to Hanes shareholders within several weeks for their approval of the previously announced merger agreement under which Consolidated would acquire each share of Hanes still outstanding for $61 cash or $61 principal amount of Consolidated Foods 8 per cent restricted convertible subordinated notes due 1985, 1989, 1994 or 2004.

Reuter

Cargill opens cash offer

MINNEAPOLIS, Dec. 7.

CARGILL SAID its Cargill Holdings subsidiary has started a cash tender offer to purchase any and all outstanding common shares of MBPXL Corporation at $27 a share, net to seller.

Cargill Holdings presently owns 554,057 shares of MBPXL, approximately 22 per cent of the outstanding common shares, and has contracted to purchase an additional 112,984 shares or 4.5 per cent of the outstanding stock.

Purchase and payment for shares will commence promptly after 18.00 est December 27, Cargill added. The offer is scheduled to expire on January 8, 1979.

The Board of MBPXL has unanimously approved the offer Cargill said.

As a result of litigation commenced by Conagra against Cargill, a State Court in Nebraska has issued an order permitting Cargill to proceed with the offer but enjoining it from selling or disposing of any shares it owns or will acquire pursuant to the offer and from voting or not voting such shares on a Conagra-MBPXL merger proposal without further order of the court.

Reuter

International Harvester setback

NEW YORK, Dec. 7.

A FALL IN net earnings from $6.88 to $6.14 for the fiscal year is announced by International Harvester, one of the world's major manufacturers of farmming machinery. Total net is down from $202.8m to $186.7m, although sales show an increase from $5.97bn to $6.66bn.

The net figures includes a loss of $1.01 a share on foreign currency transactions, compared with a loss of 66 cents last time. The net for 1978 was further reduced by 41 cents by the change to LIFO accounting method and by 26 cents a share by strikes, says the company.

In the final quarter, net dipped from $2.56 to $2.41 on total earnings of $73m against $75.4m. Sales of $2.08m compare with $1.71bn.

Agencies

Sperry sells Remington

NEW YORK, Dec. 7.

SPERRY RAND CORPORATION has signed a letter of intent to sell its Sperry Remington consumer products operations to a new company to be formed by Mr. Victor K. Kim. Terms of the agreement were not disclosed.

The Remington electric shaver line was introduced in 1937 and is the only consumer product produced by Sperry.

Mr. Kim has indicated that he plans to continue ongoing operations and retain the Sperry Remington workforce. Sperry Remington is based in Bridgeport.

The company said a final agreement is expected to be signed in mid-January.

Reuter

Chilean banks' foreign debts

SANTIAGO, Dec. 7.

CHILE'S Central Bank has raised the ceiling on debts which domestic banks may contract abroad to 215 per cent of each bank's capital and reserves, effective immediately, Mr. Javier Via, the banking association president, said here.

Reuter

Eurobond price trends mixed

BY FRANCIS GHILES

PRICES MOVED in opposite directions in the two major sectors of the international bond markets yesterday. Quotations were three-quarters to a full point higher in the Deutsche-Mark sector but among dollar issues, losses ranged to a full point.

In spite of the better tone in the DeutscheMark sector, Dresdner Bank was unable to float the DM100m issue it had booked in the calendar for an unknown borrower: apparently the borrower refused to accept a coupon higher than that indicated by the lead manager a few weeks ago.

The same mishap occurred to Westdeutsche Landesbank earlier this week and confirms that demand for foreign DM bonds has fallen off quite strongly in recent weeks.

Domestic interest rates have moved up and the yield gap between domesti cand foreign DM bond markets has grown wider. However, demand is reported to be good for the Brazil issue being managed by Deutsche Bank. The indicated coupon of 7½ per cent for an eight-year maturity is provin gattractive for investors.

Trading in the DM sector was more active yesterday than on previous days. The one sector not benefiting from theis buoyancy is the Japanese convertible market, which is being affected by the weakness of the yen against the DeutscheMark.

In the dollar sector prices came down by as much as a point on the day. The previous two days had been somewhat anomalous, with the New York bond market weakening and prices in the Euro-bond market moving up. Many dealers were overbought and the inevitable technical reaction duly took its course.

Allocations for the Norsk Hydro issue were described by dealers as relatively generous and the market gave it a good reception. Last night the lead manager was quoting a price of 97¾-98¼. The floating rate note for Privedna Banka was prices at par with indicated conditions otherwise unchanged.

The Philippines is the first Asian borrower to return to the yen bond market since it was revived recently after a three-month lull. Final terms for the Y15bn 10-year issue, being arranged by Daiwa Securities, include a coupon of 7 per cent, a price of 99.4 and a yield of 7.24 per cent. The bonds have an average life of nine years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 7

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AFTERMATH OF EMS DECISION

Why gilt brokers are smiling

BY STEWART DALBY

DESPITE PROFOUND disappointment in government circles that the European Monetary System did not immediately work out for Ireland there is one section of the community in Dublin which is relieved. That is the financial one. There had been grave reservations about many areas of exchange controls. The main concern was whether exchange controls would deflate the gilt-edged market.

While the Government of Mr. Jack Lynch had been enthusiastically suggesting that Ireland would be joining the EMS if the transfer of resources of £650m it had asked for was forthcoming, no one in the Cabinet had quite spelled out how exchange controls would apply. Exchange controls would have been necessary if Britain had not joined while Ireland went ahead.

The interest has never been so much in equities. Although 78 shares are quoted on the Dublin Stock Exchange and 12 of these also have London quotes there is a real market in only five shares. Anyone would find it difficult to buy more than £25,000 worth of shares in companies other than Cement Roadstone, Bank of Ireland and Allied Irish Bank. In the second division though still marketable, are Jefferson Smurfitt and Waterford Glass.

Gilts, however, are a different proposition, the average size of a deal being £78,000. With £2.55bn worth of government securities outstanding the market is probably only one-tenth the size of its British counterpart but it has seen business of up to £30m a day.

The norm, however, is usually in single figures.

The market is moreover an important source of government revenue since the present administration is borrowed up to the hilt with a public sector borrowing rate amounting to 13 per cent of the country's small GNP of £6.5bn.

The doubts

Would, for example, a Barclay Card holder or an Access cardholder have been able to us his card in Ireland if an immediate guillotine came down—. Would someone like me be able to come to London and cash an Allied Irish Bank cheque as I can now since there is a completely free flow between the two pounds, Brtish and Irish, with the exception that Irish notes are not generally accepted in Britain.

What would have become of the £2m worth of British notes circulating in Ireland, and what would have happened to the estimated £300m worth of funds on deposit in Northern Ireland by Irishmen wishing to avoid the Inland Revenue Inspector in the Republic?

What would have happened to anybody who had driven up from Dublin to Belfast with more than £250 about his person? Would it have immediately been confiscated? Again, would an Irishman have been able to hold shares in British stocks and how would he have held them? At the moment a broker or bank in Ireland can act for him but all shares in the U.K. must be registered with authorised depositories and would Irish brokers be authorised depositaries?

All these questions hypothetical and intriguing though they be however are overshadowed by the major problem of what would have happened—or what could still happen since Ireland has still not ruled out joining the EMS—to the gilt-edged market. In recent weeks a lot of buyers mainly from Britain rushed into Irish gilts and equities hoping for windfall profits from a sudden break in the parity link.

The attraction of Irish gilts has traditionally been twofold: first marketability because of the free access of sterling; second a ½ per cent of 50p yield advantage. The £200m worth of funds which are estimated to have flooded into the gilt market since late October had been especially speculative. It has meant the Government Broker has sold about £500m worth of gilts this year, £150m above his original intention.

The attraction has been the prospects of both a foreign exchange gain and capital gain. The widely held feeling has been that the Irish pound would appreciate against sterling if the link were broken, hence the foreign exchange gain. But more than this, there was the underlying suspicion that, in the event of a break, investments in Ireland would have to go through the dollar pool. When Australia left the sterling area holders of Australian securities enjoyed a 22 per cent dollar premium. So there could have been a capital gain bonanza for those already invested in Irish gilts when the shutters came down.

In the event there has been no immediate imposition of exchange controls. The people wearing the broadest grins in Dublin this week are the Irish brokers who sold largely to British investors (more than half of the £200m was thought to have come from Britain) and are now able to get back their stocks at a discount.

Broking view

Most brokers in Dublin always doubted that Mr. Lynch could go ahead with joining the EMS not because of the practical difficulties involved in exchange control but because Ireland's economy is too small for an independent currency with an extreme balance of payments vulnerability. The country this year will probably have a current account deficit of £300m, which would be regarded as unacceptable for most independent European economies. Moreover, with reserves of only £1.1bn it simply could not withstand any pressure on its currency arising from trade pressures.

So far the brokers have been proved right and no doubt are counting the profits they have to show for it.

J. Lyons & Company Limited

INTERIM REPORT

The results set out below are for the twenty-four weeks ended 15th September, 1978. In view of the significant proportion of profit from companies whose years end in December from whom accounts are available for nine months trading and whose businesses are highly seasonal, these results include, on a time-apportioned basis, results from their latest completed accounts as do the comparative 1977 results.

GROUP RESULTS (unaudited)		1978 24 weeks £m.0		1977 *Restated 24 weeks £m.0
Group Turnover		382.0		365.0
Group trading profit		16.8		16.1
Share of associated companies' profits		1.5		0.9
Operating Profit		18.3		17.0
Deduct Interest payable less interest receivable		9.3		10.6
Profit before taxation and minority interest		9.0		6.4
Deduct Estimated taxation:				
United Kingdom	—		0.5	
Foreign	2.7		2.7	
Associated companies	0.6		0.4	
		3.3		3.6
		5.7		2.8
Net profit attributable to outside shareholders		0.7		0.6
Group Profit		5.0		2.2

Preferential dividends of £28,000 (1977 £37,000) were paid during the twenty-four week period.

* *The 1977 figures have been restated so that they are comparable with the basis used in 1978 to account for the change in treatment of investment in a company previously regarded as an associate.*

No account has been taken in these figures of depreciation of Freehold Properties under SSAP 12 pending the completion of revaluation of properties in the United Kingdom.

INTERIM DIVIDEND

The Allied Breweries Limited offer for the shares of the Company was declared unconditional on 22nd September 1978. The holders of Lyons shares thus became entitled, on acceptance of the offer, to receive from Allied Breweries Limited the special interim dividend of 1.4p per share on allotment and the second interim dividend of 2.99p per share on 1st March 1979. Accordingly no interim dividend is being declared by J. Lyons & Company Limited.

Cadby Hall, London W14 0PA.
7th December, 1978.

Dividend maintained by GHH

By Our Own Correspondent

BONN, Dec. 7.

WEST GERMANY'S largest mechanical engineering group Gutehoffnungshuette, has fulfilled expectations by proposing an unchanged cash dividend of DM6 per DM50 share.

The annual meeting in February will also be asked to approve an increase in the GHH group capital from DM404.3m to DM604.3m, in line with the steady growth of investment in connection with long term plant construction business.

A statement from GHH today said that at least half of the new shares would be offered to shareholders through a bank consortium. More than half of GHH is owned by a group of trusts connected to the Haniel, Jacobi and Huyssen families and by the Regina holding company, controlled in turn by the Allianz and Munich Reinsurance groups and by Commerzbank.

Giving preliminary figures for 1977/78 (ended June 30), the supervisory board announced a group net profit of DM112.4m ($59m), down DM1lm from the previous year. Turnover increased 2.8 per cent to DM12.4bn ($6.5bn) with exports fractionally down from 45 to 44 per cent as a share of the total.

New orders in 1977/78 showed virtually no change, although at the end of the year, the total of orders in hand was up 8.5 per cent to just under DM14bn—rather more than a year's sales, as the company pointed out with satisfaction today.

Against some expectations at the beginning of the year, the GHH group has been able slightly to increase its exports from 66.9 to 67.9 per cent of total sales. The inflow of new orders during the 1977/78 business year also reflected a slight relative strengthening of exports, although this was well under 50 per cent.

New investments during the year were up by DM40m to DM314m, while the number of employees remained virtually unchanged at 83,500.

Austrian textile failure

VIENNA, Dec. 7.

THE JOBS of some 1,200 employees of the Voeslauer Kammgarn AG, an Austrian company producing worsted fabrics and similar products, came into jeopardy today when director-general Georg Angerer said he had filed a petition in bankruptcy.

Angerer made his step known at the annual shareholders meeting and explained it was caused by increasing indebtedness. During the last weeks the Finance Ministry, banks and industrial top managers had tried to work out a formula to keep the company going, but the gloomy outlook for the European worsted fabrics market "allowed little hope."

Voeslauer Kammgarn is the latest of a number of private enterprises where jobs have become endangered. Eumig, which claims to be the world's largest film projector producer, recently reduced its staff by some 800. The truck, bus and tractor producer Steyr-Daimler-Puch laid off 500.

AP-DJ

Daimler-Benz sees rise

BY ADRIAN DICKS

BONN, Dec. 7.

DAIMLER-BENZ expects 1978 profits to match those of 1977, at the end of a year that it describes as "generally satisfactory," despite the estimated DM 1bn cost in lost turnover of last spring's strike in the Baden-Wuerttemberg engineering industry.

Preliminary results for the whole year published by the company indicated a probable rise in 1978 sales of DM 1bn, taking the total up 3.8 per cent to DM 26.8 bn ($14.1bn).

The protracted engineering dispute cost Daimler-Benz over DM 1bn in lost turnover, and in terms of production about 25,000 cars and 8,700 commercial vehicles. Nonetheless, the preliminary results pointed towards a further year of steady progress.

New fixed investment during 1977-78 for the first time exceeded DM 1bn in a single year, as the company pressed ahead with its five-year, DM 7bn re-equipment programme. The highlights of this during the past year were the commissioning of a computerised engine testing facility at the Untertuerkheim works, with an annual capacity of 500,000 units, together with an expansion in engine assembly. At Sindelfingen, new plant including a press and paint shop, as well as a new central spare parts store, was installed.

These developments contributed to an increase in output of passenger cars from 1,590 a day in October, 1977, to over 1,700 a day by the end of this year. Daimler-Benz is expecting some slowdown in the present boom in the West German domestic car market, yet reports that for the time being, it still enjoys the highest level of orders for passenger cars in its history. Largely because of the strike, it reports that there has been little improvement in the long delivery times imposed on its customers. overseas Daimler-Benz plants rose by 4,200 to 65,000 units.

World-wide production of commercial vehicles was down by some 10,000, with the strike only accounting for about half of a 15,000 unit reduction from the 1977 total of 187,000 made in West Germany. Production at overseas Daimler-Benz rose by 4,200 to 65,000 units.

The group reports "varying" sales developments in overseas markets, but says that overall it was successful in defending its market share.

Giving details for the first time of its recent U.S. acquisition, Euclid, the heavy dump-truck manufacturer, Daimler Benz reports that the company turned in a "very satisfactory" performance, with turnover up from $167m to more than $200m.

KPI profits lower

TOKYO, Dec. 7.

Net profits of Konishiroku Photo Industry fell to Y2.58bn ($13m) in the first half-year to September 30 from Y3.2bn in the same period of last year. Sales of the company moved up to Y71.3bn from Y65.6bn.

AP-DJ

Skis Rossignol may miss target

BY TERRY DODSWORTH

PARIS, Dec. 7.

UNFAVOURABLE EXCHANGE conditions caused by the fall in the value of the dollar may mean that Skis Rossignol will be unable to reach its forecast 18 per cent turnover increase this year.

Presenting its first-half figures for the six months to the end of September, the French group said yesterday that its ability to achieve its target figure would depend on the currency trends in the current half year.

In the first half, consolidated sales were up by 15.7 per cent to FFr 363.8m ($83m) against FFr 314.3m in the same period of last year. If parities had remained constant, the growth recorded would have almost reached 20 per cent, the company added.

Despite these currency problems, Skis Rossignol, which claims to be the largest ski manufacturer in the world with 21 per cent of the global market, managed to lift consolidated profits disproportionately by 17.4 per cent from FFr 55.9m to FFr 65.7m. Depreciation rose by 35 per cent to FFr 11.5m.

The company also remains confident of steady volume growth in the U.S., along with expansion throughout the world under the influence of the present growth in demand for skis.

Output this year will rise to 1.8m pairs of skis from 1.6m last year.

The group adds that its diversification into tennis racket production is not expected to make a significant contribution to profits this year, although results should begin to come through in 1979-80.

The acquisition of two new companies in this field in the U.S. has enabled the group to present a wider range of products which have been "favourably" received on the world market.

Bayernhypo strongly ahead

MUNICH, Dec. 7.

OPERATING PROFIT of Bayerische Hypotheken-und Wechsel Bank (Bayernhypo) improved strongly in the first 10 months of this year compared with 1977. The company gave no figures.

Net interest earnings rose significantly and profits from commissions increased satisfactorily, although earnings from trading on the bank's own account has not yet reached the comparable 1977 level.

Current earnings rose 11.4 per cent compared with a 7.4 per cent rise in personnel costs and 6.5 per cent in material costs, the bank added in an interim report.

The bank balance sheet total rose by DM 4.37bn ($2.3bn) in the first 10 months to DM 44.04bn ($23.1bn) with the group total increasing by DM 6.41bn to DM 61.02bn ($32.1bn).

Reuter

Deutsche Bank profit up during first 10 months

BY JONATHAN CARR

DUSSELDORF, Dec. 7.

DEUTSCHE BANK, West Germany's biggest commercial bank, raised operating profit by 6 per cent in the first 10 months of this year on business volume up by 18 per cent against last year's average.

The bank expects a satisfactory result for the year as a whole, implying that the dividend will, in any case, be maintained. For last year, Deutsche Bank paid DM 9 per share of DM 50 par value which, with tax credit for domestic shareholders, meant an overall dividend of 28.1 per cent.

After a first half when operating profit rose by 10 per cent and business volume by 16 per cent against last year's average, the second part of the year has been characterised by growing pressure on interest margins, and this is expevted to become greater in coming weeks. In all, earnings on the volume of business (the interest surplus) rose by DM 98m or 6.1 per cent in the first 10 months to DM 1.7bn.

Foreign branches have made an above-average contribution to the business volume increase of 9.5 per cent to DM 86.2bn from January to the end of October. That goes in particular for Deutsche Bank in London. At the same time, new branches have been opened in Brussels and Antwerp — where Deutsche Bank shares have been introduced on both Bourses —and in New York.

Savings deposits in the first 10 months were up by just 2.6 per cent to DM 18.6bn. But there was a lively demand for shares with customers turning over a net DM 1.3bn from savings accounts to share purchases.

The bank's volume of credit increased by 6.1 per cent in the first 10 months of this year — much faster than in the same period last year — totalling DM 488bn at the end of October. And long-term credit was particularly in demand, growing by 10.5 per cent against 6.5 per cent for short- and medium-term.

Credit demand from private customers was largely responsible for the big increase, though Deutsche Bank's low interest credit for investment by medium-sized enterprises more than doubled in volume against the figure at the end of last year.

Norwegian bank plans $100m rights issue

By Fay Gjester

OSLO, Dec. 7.

DEN NORSKE Creditbank (DnC) Norway's largest commercial bank, is to increase its capital by NKr 65m to NKr 520m ($105m) through a one-for-seven rights issue at par. The issue will be offered during the first half of next year, and the new shares will be entitled to full dividend for 1979.

The issue is interesting because it will be the first by a Norwegian bank since the beginning of this year, when a new law designed to make the banks more democratic came into effect.

The redemption price will be based either on the market price at January 1 this year, or on the average price over the preceding three years, whichever is the higher. Both the government and the banks hope, however, that shareholders will not sell, so that the banks will continue to be privately owned.

Upturn for Dutch paper maker

BY CHARLES BATCHELOR

AMSTERDAM, Dec. 7.

BUEHRMANN-Tetterode (BT), diversified paper and board manufacturer and trading group, announced a slight acceleration in profit growth in the first nine months of 1978. It expects a "reasonable" increase in net profit in the year as a whole from Fl 38.9m ($18.7m) last year.

The decline in paper and board prices over the past three years seems to have come to an end and prices rose slightly in the third quarter. The improved result came largely from the printing paper, stationery, toys and board sectors. The results of the machinery division were unchanged.

Net profit rose 7 per cent to Fl 24.4m in the first three quarters while sales were 12 per cent higher at Fl 1.27bn ($610m) This compares with the 5 per cent profit growth and the 13 per cent rise in sales recorded in the first half of 1978.

Provisions made to cover starting-up costs of BT's Belgian company, Papeteries de Mont Saint Guibert, up to the end of September were adequate. BT has set aside a further Fl 1m against net profit to cover the expected costs in the final quarter of the year.

● Philips, the Dutch electronics group, today said it will pay an unchanged 1978 dividend of Fl 0.60 per share. This follows the company's announcement last month that net profits were 2 per cent lower at Fl 431m ($207m) in the first three quarters of the year on sales which were 5 per cent higher at Fl 23bn ($11bn).

Volume sales rose 8 per cent in the nine months and the company expects this to be maintained for the year as a whole. It paid a final dividend of Fl 1.10 in 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Hitachi has record sales

BY CHARLES SMITH TOKYO, Dec. 7.

HITACHI, the leading Japanese electrical and electronics manufacturer, reports record sales of Y1,268bn ($6.4bn) for the half year ended September 30 and record next profits of Y46bn ($233.5m) for the same period.

The sales figures represents a 7 per cent increase over the level of April-September 1977 while profits were up 28 per cent. Both figures are based on the consolidated results of the parent company and 40 subsidiaries.

Hitachi notes in its interim report that it achieved its record results in the face of "severe economic conditions." These included a continuing slackness of private investment in Japan (which depressed sales of heavy electrical machinery) and the sharp revaluation of the yen against the dollar which cut into the company's competitive strength in export markets.

The companies' increased sales resulted mainly from strong demand for summer season electronic products such as air conditioners and refrigerators and from rapidly growing demand for computers and semi-conductors.

A 15 per cent rise in orders was attributed to "remarkable" growth of orders for electric power generation equipment from the Japanese power companies.

Hitachi's exports rose 17 per cent over the levels of April-September, 1977, and accounted for 21 per cent of its total sales (19 per cent a year earlier) thanks partly to successful efforts at cost-cutting in the face of revaluation. The company pursued its "value analysis," cost-cutting programme which focuses mainly on economies in the use of raw materials and the increased use of imported components.

Savings achieved under the VA programme (parent company only) averaged Y6.41bn per month during the six-month period compared with monthly savings of Y5.71bn in the first half of the 1977 fiscal year.

The success of the VA programme contributed to a reduction in the ratio of cost of sales from 73.6 per cent last year to 71.8 per cent in Hitachi's latest half-year period.

The group's interest rate burden fell from 1.03 per cent of sales to 0.35 per cent partly because of loan repayments and partly owing to a decline in interest rates.

Hitachi expects its sales for the full year (ending next April) to exceed the 1977-78 level by just under 10 per cent. Net income should reach about 90bn an increase of 14-15 per cent over the previous year's level.

Koreans see loan breakthrough

BY RICHARD C. HANSON SEOUL, Dec. 7.

SOUTH KOREAN bankers feel they may be able to break into the ranks of the most highly rated borrowers in the world soon following the timing of a very favourable loan agreement today. The $200m loan for the Export-Import Bank of Korea, as reported earlier, carries a ¾ per cent margin over LIBOR for the first two years of a 10-year agreement and ⅞ for the remaining eight years, the best terms so far for a South Korean borrower.

Official government policy is to diversify the sources of external loans from a heavy dependence on U.S. and Japanese banks in the past to more borrowings next year and in years to come from the Arab countries and Europe, the Assistant Minister of Finance, Mr. I. Y. Chung, told the Financial Times in an interview.

South Korea's new net foreign currency long-term borrowing needs next year will total about $2bn, *with similar totals for the* following four years, in part to finance rapidly expanding Korean operations overseas, Mr. Chung said.

The highest priority of the Finance Ministry is to assure that the terms and conditions of future borrowing from international dollar markets will be based on the good terms so far achieved. South Korea is eager to put the period of high borrowing margins for Asia behind it.

Securities companies may borrow overseas

TOKYO, Dec. 7

THE FINANCE MINISTRY is considering allowing Japanese securities companies to borrow foreign currency loans within a total framework of $200m to hedge against foreign securities they hold, probably from next week, Reuter reports.

Securities companies will be asked to report their foreign securities holdings to the Ministry and will be given individual quotas on that basis within the overall framework.

Our Euromarket staff adds: Such a new borrowing framework is apparently designed to support the growing activity of Japanese securities firms in the international bond markets, according to Japanese sources *in London*.

The sharp fluctuations of the yen this year mean that the securities companies have faced considerable exchange risks in foreign currencies.

In addition, the new framework should assist the financing of professional international bond positions among the securities houses.

Citibank raises Singapore prime rate

Citibank NA said it has raised its Singapore prime lending rate to 8 per cent from 7.5 per cent, effective immediately, Reuter reports from Singapore.

Myer Emporium sales increase falls short of expectations

BY JAMES FORTH SYDNEY, Dec. 7.

THE MAJOR Australian retail group, *Myer Emporium*, increased its sales in the first four months of the current year, but they were still short of expectations, the retiring chairman, Mr. K. C. Steele, told shareholders at the annual meeting in Melbourne.

The uncertain state of the economy in the last three or four months since the federal budget had produced a further slackening in the rate of sales growth, but the board viewed this as the price which had to be paid to ensure that inflation continued to fall, he said.

"With Australia and other leading nations still grappling unsuccessfully with the problem of restoring satisfactory levels of activity and employment without aggravating inflation, we see little prospect of an early or dramatic turnabout of the present subdued rate of economic growth."

He added, however, that there had been some sign of more buoyant sales over the past two weeks. If this continued, it could well be an indicator of a better Christmas to come, as well as the long-awaited sign of returning consumer confidence and spending.

In 1977-78, Myer suffered a fall in profit of almost 14 per cent. Mr. Steele *said* the strategy for 1979 was based on a positive, aggressive approach. A review being undertaken throughout the group would define the strategies in more detail and establish priorities for the coming year. He added that the *group* had budgeted to spend a record A$35m in the current year on new and renovated facilities.

Mr. Steele retired at the end of the meeting to make way for Mr. Sydney Baillieu Myer as chairman and Mr. K. A. Rosenthain as *chief* executive and group managing director.

CIG lifts group earnings 12.5%

BY OUR OWN CORRESPONDENT *SYDNEY, Dec. 7.*

Commonwealth Industrial Gases managed to lift group earnings 12.5 per cent from A$13.25m (U.S.$15m) to a record A$14.9m (U.S.$16.9m) in the year to September 30, despite difficult trading conditions in the metal fabricating industry.

The result failed to keep pace with the profit growth of the previous year, when earnings rose more than 21 per cent, but CIG still managed to outstrip the sales growth of 9.9 per cent, from A$166m (U.S.$188.6m) to A$182m (U.S.$206m) The directors said that while trading conditions were difficult in the metal fabricating industry in Australia, sales in some segments were encouraging, particularly in consumer products and overseas.

The dividend for the year is held at 12.5 cents, but it is on capital increased late last year by one for three free scrip issue. The result equalled earnings of 23.4 per cents a share compared with an adjusted 21.4 cents in the previous year.

The directors said that capital expenditure in 1977-78 totalled A$30.6m and for the current year would be in the vicinity of A$35m.

They pointed out that since the close of the financial year Thai Industrial Gases had made a public issue of 100 Baht shares at a premium of 79 Baht to the Thai public, which had been substantially *over-subscribed and* reduced the holding of CIG from 60 per cent to 45 per cent.

The U.K. group, BOC International holds almost 60 per cent of the capital of CIG.

Investment growth slows

CANBERRA, Dec. 7.

THE NET inflow of foreign investment in enterprises in Australia, excluding undistributed income, more than halved to A$208m (U.S.$236m) in the third quarter of 1978 from A$450m in the second quarter, the Statistics Bureau reported.

However, the inflow was still the second highest in the past four quarters.
Reuter

Algerian bank plans to raise $150m loan

By Francis Ghilès

A MANDATE for a $150m loan for the Banque Exterieure d'Algerie is expected to be awarded early next week, after some initial confusion during which two leading U.S. banks were approached and asked by the borrower to assemble a management group.

Both banks proposed similar terms to the borrower: a split spread of 1⅛ per cent for the first four years, rising to 1¼ per cent with four years grace.

The confusion was compounded by the unpredictable negotiating tactics of the borrower.

The grave illness of President Boumedienne in no way gives rise to any concern in the banking community; it is business as usual both in financial and business matters. Bankers do not believe that the country's creditworthiness has been affected.

Algerian borrowers have signed about $1bn worth of loans in the past ten days and negotiations for other fund raising operations, other than the possible BEA loan, are proceeding normally.

In the first ten months of this year, Algeria had raised $2.3bn in the international financial markets, a fourfold increase if compared to the equivalent period last year.

Algerian borrowers have also been benefiting, maybe a little late in the day, from the general fall in spreads and lengthening of maturities which has been characteristic of the market for the past year.

The terms offered by the banks to BEA are the finest on a straight financial credit for an Algerian borrower in the current cycle.

Recent figures on Algeria's debt are much as anticipated. The total debt contracted abroad stood at $12.3bn at the end of 1977, a figure which has since risen to $14.7bn.

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Currency, Money and Gold Markets

Trading hits the doldrums

Trading in Europe's foreign exchange centres was variously described as quiet, uneventful, comatose, and absolutely dead, yesterday. In New York it was suggested that the December doldrums seem to start earlier each year. At present there appears to be little potential for a further sharp rise by the dollar, while any downward trend is quickly snuffed out by central banks.

The French franc attracted more interest than any other currency, since it appears likely to become the only new member of the European Monetary System, but even there movements were restricted to a range

of FFr 4.3980-4.4105 against the dollar. It finished at FFr 4.3990, compared with FFr 4.4005 previously.

Euro-franc interest rates were easier, particularly the short-term, which fell to 7½ per cent from 13 per cent. Longer term rates also eased, after the recent rise which reflected fears about the vulnerability of the franc within the EMS, if sterling and the lira remain outside.

The dollar showed little change against the D-mark, closing at DM 1.9160, compared with DM 1.9170 previously, and was equally unmoved against the Swiss franc at SwFr 1.7085, compared with SwFr 1.7080 on Wednesday.

Sterling closed unchanged at $1.9510-1.9520, after trading within a range of $1.9490-1.9530. Its trade weighted index, as calculated by the Bank of England, was unchanged at 62.7, after standing at 62.7 at noon, and 62.8 in the morning. The dollar's depreciation, on Morgan Guaranty figures, narrowed to 8.1 per cent from 8.3 per cent.

PARIS—In somewhat nervous late trading the French franc moved up against most other major currencies compared with its earlier levels, but was generally slightly weaker on the day. The dollar touched a high point of FFr 4.4100, and closed at FFr 4.4040, compared with FFr 4.3990 on Wednesday, while the D-mark finished at FFr 2.2961½, compared with FFr 2.2990 in the morning, and FFr 2.2850 late Wednesday. It was suggested that the Bank of France probably intervened to stabilise the franc against the D-mark during the morning. Sterling finished at FFr 8.5920, down from FFr 8.6010 in the morning, and FFr 8.5940 Wednesday. The Swiss franc closed at FFr 2.5754, against FFr 2.5820 in the morning, and FFr 2.5745 previously.

FRANKFURT—Trading was very quiet and uneventful, with the dollar little changed throughout. Near the close the U.S. currency was quoted at DM 1.9175 in terms of the D-mark, compared with DM 1.9165 at the fixing, which was little changed from the previous day's fixing level of DM 1.9163. There was no sign of any intervention by the Bundesbank. During the morning the U.S. currency moved within a very narrow range of DM 1.9155 to DM 1.9185, with no new factors to influence the market.

ZURICH—The morning's trading was described as dead, and although there was no real pressure on the dollar, the U.S. currency fell to SwFr 1.7075 against the Swiss franc by mid-morning, from an opening level of SwFr 1.7140.

MILAN—The dollar eased to L849.20 against the lira at yesterday's fixing, from L850.55 on Wednesday. There was little change in late trading, with the U.S. unit quoted at L849.60 to L850.00.

AMSTERDAM—In late trading the dollar improved slightly against the guilder to Fl 2.0800, from Fl 2.0780 at the fixing.

TOKYO — The dollar gained ground against the yen in moderate trading, closing at Y198.77, compared with Y198.00 on Wednesday. The U.S. currency opened firmer, and rose to Y196.85 in the morning, but encountered some selling pressure in the afternoon.

THE POUND SPOT / FORWARD AGAINST £

Dec. 7	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9490-1.9530	1.9510-1.9520	0.47-0.37c pm	2.56	1.20-1.10c pm	2.36
Canadian $	10¾	2.2890-2.2945	2.2920-2.2930	0.80-0.70c pm	3.93	2.00-1.90c pm	3.40
Guilder	6½	4.04½-4.07	4.05¼-4.06¼	1¼-¼c pm	2.96	4½-3½c pm	3.82
Belgian F	6	59.00-59.25	59.10-59.20	25-15c pm	4.05	65-55c pm	3.89
Danish K	8	10.38-10.48	10.39½-10.40½	¼-2¼ ore dis	-1.44	2¼-4¼ ore dis	-1.35
D-Mark	3	3.73-3.76	3.73¾-3.74¾	3¼-2¼ pf pm	9.33	9⅞-8⅞ pf pm	9.75
Port. Esc.	18	91.10-91.80	91.30-91.70	60-105c dis	-10.82	140-310c dis	-9.84
Span. Pes.	8	139.40-139.75	139.45-139.55	30-100c dis	-5.59	210-310c dis	-7.46
Lira	10½	1,656-1,661	1,656½-1,657½	2-4 lire dis	-2.17	5-8 lire dis	-1.57
Nrwgn. K.	7	10.03-10.08½	10.03½-10.04½	3ore pm-par	1.20	5-3 ore pm	1.59
French Fr.	9½	8.57½-8.61½	8.58-8.59	3-2c pm	3.49	9-8c pm	3.96
Swedish Kr.	6½	8.63-8.68	8.64½-8.65½	4½-2½ ore pm	4.86	10½-8½ ore pm	4.51
Yen	3½	382-392	387-388	4.35-4.05y pm	12.99	11.90-11.60y pm	12.11
Austria Sch.	4½	27.35-27.50	27.40-27.45	17-7 gro pm	5.25	52-42 gro pm	6.88
Swiss Fr.	1	3.32½-3.36	3.33-3.34	4¼-3¼c pm	13.48	11¾-10¾c pm	13.19

Belgian rate is for convertible francs. Financial franc 60.40-60.50.

Six-month forward dollar 2.17-2.07c pm. 12-month 4.00-3.95c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

December 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.05-85.20	85.05-85.08	0.08-0.11c pm	1.30	0.22-0.25c pm	1.09
Guilder	2.0765-2.0810	2.0790-2.0810	0.20-0.15c pm	1.15	0.93-0.85c pm	1.90
Belgian Fr	30.27-30.32	30.30-30.32	5-3½c pm	1.65	13-11c pm	1.46
Danish Kr	5.3250-5.3575	5.3250-5.3275	1.50-2ore dis	-4.34	4.35-4.85ore dis	-3.88
D-Mark	1.9155-1.9180	1.9155-1.9165	1.14-1.09pf pm	6.92	3.64-3.59pf pm	7.50
Port. Esc	46.80-46.95	46.85-46.95	43-53c dis	-12.28	110-180c dis	-12.37
Span. Pta	71.53-71.59	71.54-71.57	30-47c dis	-6.25	165-190c dis	-9.93
Lira	849.55-850.30	849.60-850.00	2.60-3.10lire dis	-4.10	7.65-8.65lire dis	-3.72
Nrwgn. Kr	5.2400-5.1560	5.1430-5.1450	par-0.40ore dis	-0.47	0.10-0.50ore dis	-0.46
French Fr	4.4000-4.4100	4.4000-4.4050	0.65-0.25c pm	1.32	2.20-1.70c pm	1.66
Swedish Kr	4.4240-4.4335	4.4280-4.4290	1.10-0.90ore pm	2.36	3.10-2.90ore pm	2.55
Yen	197.95-199.00	198.50-198.50	1.70-1.60y pm	10.00	4.95-4.85y pm	9.74
Austria Sch	14.0400-14.0520	14.0450-14.0520	5-4gro pm	3.72	17-14.50gro pm	4.44
Swiss Fr	1.7065-1.7110	1.7090-1.7110	1.58-1.50c pm	10.62	4.73-4.68c pm	10.96

* U.S. cents per Canadian $.

CURRENCY RATES

December 6	Special Drawing Rights	European Unit of Account
Sterling	0.652596	0.672536
U.S. dollar	1.27299	1.31171
Canadian dollar	1.49297	1.53946
Austrian schilling	17.8710	18.4158
Belgian franc	38.6322	39.8103
Danish krone	6.80551	7.01602
Deutsche Mark	2.43936	2.51523
Guilder	2.64379	2.72586
French franc	5.60963	5.78324
Lira	1082.59	1116.03
Yen	251.650	258.846
Norwegian krone	6.54962	6.73493
Peseta	91.0055	93.8372
Swedish krona	5.65481	5.82450
Swiss franc	2.17664	2.24223

CURRENCY MOVEMENTS

December 7	Bank of England Index	Morgan Guaranty changes %
Sterling	62.75	-41.0
U.S. dollar	85.15	- 8.1
Canadian dollar	23.38	-17.2
Austrian schilling	144.35	+18.9
Belgian franc	113.33	+14.6
Danish krone	114.58	+ 6.8
Deutsche Mark	147.88	+40.7
Swiss franc	193.21	+82.9
Guilder	123.28	+19.8
French franc	98.09	- 4.6
Lira	54.54	-48.6
Yen	146.54	+45.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 7	£	$		£ Note Rates
Argentina Peso	1.882-1.886	964.39-966.44	Austria	27.28
Australia Dollar	1.7175-1.7225	0.8807-0.8818	Belgium	60-61½
Finland Markka	7.9140-7.9280	4.0600-4.0620	Denmark	10.35-10.55
Brazil Cruzeiro	39.32-40.32	20.16-20.66	France	8.55-8.65
Greek Drachma	71.261-73.005	36.52-37.41	Germany	3.70-3.80
Hong Kong Dollar	9.3475-9.3525	4.7920-4.7970	Italy	1630-1700
Iran Rial	144.34-148.24	74.76	Japan	385-395
Kuwait Dinar (KD)	0.531-0.541	0.2721-0.2772	Netherlands	4.00-4.10
Luxembourg Franc	59.10-59.20	30.30-30.33	Norway	9.95-10.10
Malaysia Dollar	4.2850-4.3050	2.2050-2.2070	Portugal	88.95
New Zealand Dollar	1.8565-1.8635	0.9528-0.9560	Spain	139½-143¼
Saudi Arabia Riyal	6.53-6.63	3.3461-3.3974	Switzerland	3.30-3.40
Singapore Dollar	4.2675-4.2800	2.1930-2.1950	United States	1.9450-1.9550
South African Rand	1.6849-1.7108	0.8634-0.8767	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 7	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.952	3.745	388.0	8.585	3.335	4.060	1657	2.293	59.15
U.S. Dollar	0.512	1.	1.918	198.8	4.399	1.709	2.080	849.1	1.175	30.31
Deutsche mark	0.267	0.521	1.	103.7	2.294	0.891	1.095	442.8	0.615	15.80
Japanese Yen 1,000	2.577	5.030	9.646	1000.	22.13	8.595	10.46	4271	5.909	152.4
French Franc 10	1.165	2.273	4.360	452.0	10.	3.885	4.729	1930	2.670	68.90
Swiss Franc	0.300	0.585	1.122	116.3	2.574	1.	1.217	496.9	0.687	17.74
Dutch Guilder	0.246	0.481	0.922	95.57	2.115	0.821	1.	408.1	0.565	14.57
Italian Lira 1,000	0.604	1.178	2.259	234.2	5.181	2.013	2.450	1000.	1.384	35.70
Canadian Dollar	0.436	0.851	1.632	169.2	3.745	1.455	1.771	722.0	1.	25.80
Belgian Franc 100	1.691	3.299	6.327	656.0	14.51	5.638	6.864	2801	3.876	100.

EURO-CURRENCY INTEREST RATES

Dec. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12½	9½-9⅞	8½-8½	9⅝-9⅞	⅛-⅜	3⅛-3⅜	7-7½	10-13	—	-4—2
7 days' notice	12¼-12¾	9¾-10	8½-9½	9⅝-9⅞	⅛-⅜	3⅛-3⅜	8¼-9	12-14	9⅞-10	-1½—½
Month	13½-13¾	10⅝-11	9⅜-9⅞	9⅝-9⅞	¼-⅝	3⅞-4	9-9⅜	14-15	10¼-10⅝	⅛-1
Three months	13⅞-14¼	11⅛-11⅜	10⅛-10⅜	9⅝-9⅞	⅜-⅝	3⅞-4	9½-9⅞	15-16	11⅜-11½	1⅜-1⅜
Six months	14⅛-14½	11⅜-12	10⅛-10⅜	9¼-9½	⅜-⅝	4-4⅛	9¾-10⅛	15¾-16¾	11½-11⅝	2¼-2½
One year	13⅞-14¼	11⅛-11¼	10¼-10⅝	8½-8⅞	1⅛-1⅜	4⅛-4⅜	10⅜-10¾	16¼-17¼	11⅛-11⅜	2½-3⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.70-10.90 per cent; three months 11.20-11.30 per cent; six months 11.60-11.70 per cent; one year 11.35-11.45 per cent.

Long-term Eurodollar deposits: Two years 10¼-10½ per cent; three years 10¼-10½ per cent; four years 10¼-10½ per cent; five years 10⅛-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French intervention rate cut

Domestic interest rates in France have shown an easier tendency just recently, and yesterday the Bank of France cut by ⅛ per cent its intervention rates in the domestic money market. While domestic rates have declined, Euro-franc interest rates have risen appreciably in line with a narrowing of the forward franc premium over the dollar. This tends to underline the uncertainty which surrounds the franc, and exactly how it may perform after implementation of the European Monetary system.

Yesterday overnight money was quoted unchanged from Wednesday at 6⅞ per cent. Longer term rates were: one-month 6⅞-6⅞ per cent; three-month 6⅞-6⅞ per cent; six-month 7-7¼ per cent and 12-month 7⅜-7⅝ per cent.

NEW YORK—Treasury bills were generally firmer, with 13-week bills at 8.89 per cent compared with 8.88 per cent late Wednesday and 26-week bills at 9.24 per cent against 9.23 per cent. One-year bills showed a slightly easier tendency to 9.30 per cent from 9.32 per cent. Federal funds were trading at 9⅝ per cent after 9⅞ per cent earlier in the day, and the same rate on Wednesday.

FRANKFURT — Interbank money market rates showed no clear trend with call money at 3.5-3.55 per cent compared with 3.5-3.6 per cent on Wednesday. One-month money eased to 4.0-4.1 per cent from 4.1-4.2 per cent as did the three-month rate to 3.95-4.0 per cent against 4.0-4.1 per cent. Six-month money was quoted at 4.05-4.2 per cent from 4.05-4.15 per cent, while the 12-month rate stood at 4.15-4.3 per cent against 4.2-4.3 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 9⅛-9⅜ per cent for one-month 9⅛-9⅜ per cent for three-month and 8⅞-9 per cent for six-month. 12-month deposits also stood at 8⅞-9 per cent. Call money continued to decline to 4.35 per cent from 4.60 per cent.

AMSTERDAM — Money rates were firmer where changed, with call money at 9⅞-10 per cent, the same as Wednesday. One-month money rose to 10⅛-10⅜ per cent from 10-10⅛ per cent as did three-month money. The six-month rate was also firmer at 9⅞-10 per cent compared with 9⅝-9⅞ per cent previously.

MILAN — Interbank money market rates were again unchanged with call money at 10⅜-10⅝ per cent through to three-month funds at 11¼-11⅜ per cent.

HONG KONG — Conditions remained steady during the early part of the day before easing in the afternoon. Call money was quoted at 10½ per cent with overnight business dealt at 8½ per cent.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Conditions in yesterday's London money market were particularly subdued, with the shortage of day to day credit continuing from Wednesday and period rates showing very little change indeed. The shortage appeared to be somewhat less than originally forecast and the authorities gave assistance by buying a moderate amount of Treasury bills, all direct from the discount houses.

The market was faced with a modest take up of Treasury bills to finance and balances brought forward by the banks being some way below target.

The biggest factor was Wednesday's gilt-edged sales.

On the other hand there was a slight excess of disbursements over revenue transfers to the Exchequer and for a change, a small decrease in the note circulation.

Discount houses were paying 11½-11¾ per cent for secured call loans at the start and although rates may have touched 12½ per cent in places, closing balances were taken mostly between 11¾ per cent and 12 per cent.

In the interbank market, overnight loans opened at 12-12¼ per cent; touched 12½-12¾ per cent before easing to 12-12¼ per cent. Rates again rose to 12½-12¾ per cent and closed at 11¾-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Dec. 7 1978	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11¾-12⅝	—	—	—	12⅝-12¾	11½-12¼	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅝	—	—	—	—
7 days notice	—	12-12¼	12-12¼	—	12¼	—	11⅞-12	—	—	—
One month	12⅛-12⅛	12⅛-12⅜	12-12¼	12¼-12⅛	12¼	12⅝	12	11⅞-11⅞	12⅛-12⅛	12¼
Two months	12⅛-12⅛	12⅛-12¼	—	12-12½	12⅜	12¾	11⅞	11½-11⅞	12⅛-12⅛	12⅜
Three months	12¼-12⅛	12¼-12⅛	12⅛-12⅛	12-12¼	12⅝	—	11⅝	11⅞-11⅞	11¾	12½
Six months	12-11⅞	12-12⅛	11¾-11¾	11½-12	12¼	—	—	—	11⅞-11⅞	13
Nine months	11¾-11⅝	11⅞-12	—	11⅝-11⅞	12¼	—	—	—	—	—
One year	11¾-11⅝	11⅞-11⅞	11½-11⅝	11½-13¾	12¼	—	—	—	—	—
Two years	—	—	12-12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12¼-12½ per cent; four years 12½-12¾ per cent; five years 12¾-13 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11¹³⁄₁₆-11¾ per cent; four-month trade bills 12½ per cent.

Approximate selling rates for one-month Treasury bills 11¹¹⁄₃₂-11⁷⁄₁₆ per cent; and two-month 11¹⁵⁄₃₂-11½ per cent; three-month 11¹⁷⁄₃₂ per cent. Approximate selling rate for one-month bank bills 11³¹⁄₃₂-12 per cent two-month 11³¹⁄₃₂ per cent; and three-month 11¹⁵⁄₁₆ per cent; one-month trade bills 12 per cent; two months 12½ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5860 per cent.

GOLD

Firmer trend

Gold rose $2¼ to $198¾-199 in fairly quiet trading, although the market appeared to be generally encouraged by the result of the latest gold auction by the International Monetary Fund. The metal opened at $197¾-198, and was fixed at $198.10 in the morning, and $198.30 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 28,400 per kilo

	Dec. 7	Dec. 6
Gold Bullion (a fine ounce)		
Close	$198¾-199	$196-196½
Opening	$197¾-198	$195¾-196¼
Morning fixing	$198.10 (£101.582)	$195.50 (£100.285)
Afternoon fixing	$198.30 (£101.650)	$196.25 (£100.485)
Gold Coins domestically		
Krugerrand	$210¼-212¼ (£107½-108½)	$208¾-211¾ (£107¼-108¼)
New Sovereigns	$60-62 (£30¾-31¾)	$60-62 (£30¾-31¾)
Old Sovereigns	$58½-60½ (£30-31)	$58½-60½ (£30-31)
Gold Coins internationally		
Krugerrand	$203¾-205¾ (£104¼-105¼)	$201¼-207¾ (£103-104)
New Sovereigns	$52¾-54¾ (£27-28)	$52¾-54¾ (£27-28)
Old Sovereigns	$58½-60½ (£30-31)	$58½-60½ (£30-31)
$20 Eagles	$282-287	$282-287
$10 Eagles	$153-158	$154-159
$1 Eagles	$101-106	$101-106

($200.77 per ounce) in the afternoon, compared with FFr 28,375 ($200.15) in the morning, and FFr 28,100 ($198.31) Wednesday afternoon.

In Frankfurt the 12½ kilo per was fixed at DM 12,260 per kilo ($198.92 per ounce), compared with DM 12,075 ($195.50) previously).

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	9.8125
Treasury Bills (13-week)	8.89
Treasury Bills (26-week)	9.24

GERMANY

Discount Rate	3
Overnight	3.525
One month	4.05
Three months	3.975
Six months	4.125

FRANCE

Discount Rate	9.5
Overnight	6.75
One month	6.75
Three months	6.8125
Six months	7.4375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.625

ENERGY REVIEW: PRESSURISED WATER REACTORS

BY DAVID FISHLOCK

Preparing for heroic reactor surgery

ONE OF the most remarkable operations ever planned to repair a fault inside a nuclear reactor has been simulated in a demonstration on the Gulf coast in Florida this summer. Its success will add confidence to the decision of the British Government early this year to allow the electricity supply industry to proceed with plans to *build Britain's first commercial pressurised water reactor (PWR).*

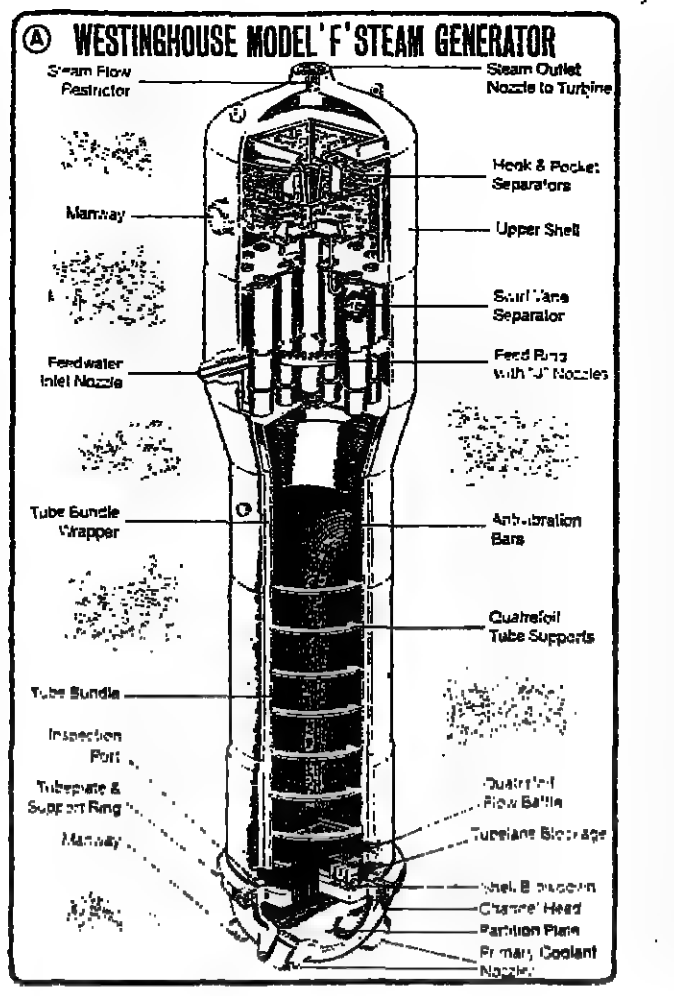
In pursuit of these plans, the Central Electricity Generating Board expects to choose before Christmas between four possible routes to the PWR. *They are* the four proprietary designs available from Babcock and Wilcox (U.S.), Combustion Engineering (U.S.), Westinghouse Electric (U.S.) and Kraftwerk Union (West Germany). A more *remote possibility is* that it will want to combine features from different designs. Westinghouse, which has sold more commercial nuclear reactors than any other supplier, has the clear advantage of a licence agreement *with Britain, signed with* the blessing of the Labour Government in 1975. It has also modified its design recently in ways which meet the CEGB's approval.

But commercial PWRs have suffered from a potentially highly debilitating disease in the past few years. It manifests itself as denting of the superalloy tubes in which high-pressure steam is raised in the reactor. Its cause is a novel kind of corrosion arising from impurities in the boiler feedwater. Its consequence is that, if allowed to proceed, more and more of the steam tubes may have to be scaled off and the reactor's electricity output may steadily diminish.

The U.S., with more PWR units operating than any other nation, has recently released figures showing the extent of the denting problem. According to *the Nuclear Regulatory Commission* — the equivalent of Britain's nuclear inspectors — of 42 operating PWR units, 17 built by either Westinghouse or Combustion Engineering have been found to be suffering from some form of the denting problem. Another eight have been inspected and pronounced fit; and nine more have not been operating for long enough to warrant examination. The rest are suspected of having incipient problems.

The problem is confined to a reactor component called the steam generator (sketch A) of which each reactor has two, three or four, at a cost (in the case of the Westinghouse system) of about $4m apiece. In essence they are big heat-exchangers—up to 70 ft long and 460 tons in weight—which sit between the primary and secondary loops of the nuclear steam supply system, raising steam like the boiler in a fossil-fuel plant. In fact, they were originally designed and built by time-honoured boilermaking methods—an approach which has proved inadequate for the stresses of modern nuclear plant.

Westinghouse in the late *1960s recognised* that the steam generator required a design and manufacturing technology of a quite different order from traditional boilermaking. It planned its first special factory near Tampa, amid palm trees at a *coastal site from which assembled* units could readily be shipped by barge round the U.S. coast or along inland waterways. Working conditions aimed at the standards of precision and quality assurance associated with watchmaking.



Even so, the steam generator proved a trouble-prone unit. During the 1970s, Westinghouse estimates, some $70m of the company's own funds have been pumped into research and development on its problems. The latest tranche of cash, some $18.5m, has gone this past year into the simulation of an opera*tion to remove and replace all* 5,000 U-shaped tubes in a steam generator without removing the component itself from the reactor. As a result, Westinghouse believes it has a technique which—if approved by the *nuclear inspectors*—will allow customers to refurbish faulty steam generators in about one-third of the time it would take to remove and replace them with new ones. For a utility faced with serious deterioration, *the savings could be as much as* $500,000 for each day saved compared with the task of replacing steam generators, which takes three times as long—from 180-210 days.

The decision to attempt "spare parts surgery" upon a steam generator was taken less than a year before the operation began. The opportunity arose because the Tampa factory had a completed steam generator designed to its model E specification which the customer wanted upgraded to the latest model F design. It meant completely *stripping and replacing* the "internals" of the 3 inches thick steel steam drum.

The company assembled at Tampa a team of 70, drawn from several divisions, and led by Mr. Harry Andrews from the nuclear steam generation division in Pittsburgh. They chose to simulate the Turkey Point *station of neighbouring Florida* Power and Light, one of the first to receive steam generators from the new Tampa factory. This plant has been sorely plagued by denting, and is near the end of its spare tube *capacity, so any further deterioration* will make inroads into its electricity output. The customer had already ordered replacement steam generators—for which there is a two-year lead time—from Tampa. What is more, the design of the reactor is one of the most restrictive from the standpoint of changes *in situ*. If Turkey Point could be refurbished, *the engineers* argued, they could tackle any PWR in the world.

The targets set by Mr. Andrews and his managers were to simulate the retubing of one of the four steam generators of Turkey *Point in 62-67 days,* using an actual steam generator suspended vertically within a mock concrete containment. The operation had to be performed under working conditions in which no-one would be exposed to notional amounts of radiation that necessitated his being taken off the job had they been real.

Up to 20 were working inside the containment at any one time. They worked 12-hour shifts, seven days a week, throughout the operation. A corps of health physicists pursued them constantly to see that none exceeded the permissible 180 manrems of radiation.

The most evident problem was that in order to reach the radio-active steam generator itself the craftsmen would have to enter the containment through a 15-ft hatch some 50 ft below the operating deck for the surgery. All men and equipment would have to negotiate a sharp S-bend to reach this operating deck.

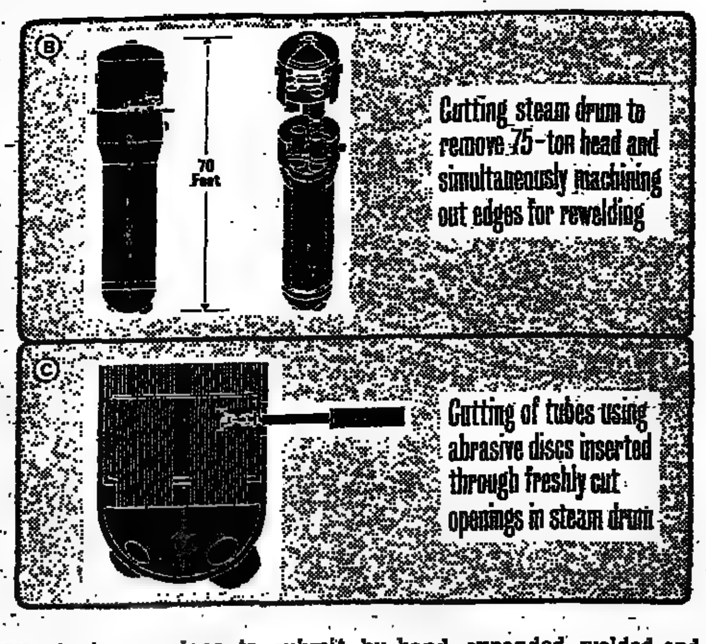
The surgery broke down into 13 operations. The major incisions were, first, to remove *the head of the steam generator,* a 75-ton section, in order to give free access to the 5,000 U-tubes within (sketch B); and second, to slice through 10,000 tubes near the base so that they could be lifted clear of the steam generator (sketch C). For the *first operation techniques were* worked out for simultaneously cutting through the steel vessel and preparing cut edges for rapid rewelding. For the second operation they developed a way of cutting the tubes with *abrasive discs.*

Once the 100 tons of tubes had been freed, they could be withdrawn vertically into a cask lowered from above—much as spent nuclear fuel is removed from the reactor. A "gondola" carrying two men clad in protective suits could then be lowered into the vessel to prepare the nearly empty barrel *for the task of retubing.*

For retubing, Westinghouse's nuclear service division developed a remarkably versatile robot called the R-theta, which could be programmed to perform a variety of cutting, repositioning, expanding and welding operations with the precision used in the workshop by some of Tampa's most skilled craftsmen. This robot, which the company estimates accounted for "several million dollars" of the project cost, is the technology about which the company is most secretive.

The demonstration, begun in mid-July, was performed in the minimum estimated time of 62 days. Left undone at this stage were repairs to the 1 per cent of tube welds which had failed X-ray inspection (rewelding of which would have taken only a little longer). Mr. Peter DeRosa, representing the Tampa division in the operation, says that he is "confident it could be done in less time" than the 62 days.

The operation was observed by representatives of a dozen electrical utilities with worries *about their steam generators,* among them the Swedish State Power Board. Florida Power had no fewer than 70 observers present. The CEGB has had a team led by Dr. Ian Preston, director of engineering, reviewing the whole operation. The Nuclear Regulatory Commission paid Tampa four visits in the course of the operation. The operation will need its approval before being performed for U.S. utilities.



Westinghouse plans to submit its final report to the inspectors next summer, in the hope of obtaining approval in principle for it as a safe method of refurbishing faulty plant. Its engineers also point out that if the customers accept that the operation can be done in only 62 days, *this is little more than what in practice* turns out to be the annual period of shutdown for refuelling.

But even if no customer ever choses — or needs — the option of an *in situ* retubing operation on his reactor, Westinghouse believes it may have advanced its own techniques for manufacturing steam generators. Currently these components are assembled horizontally, each superalloy tube being inserted separately by hand, expanded, welded and X-rayed one by one. But in retubing, the team dropped tubes in bundles of up to 100 down the vertical barrel of the steam generator. Moreover, the circumferential weld of this vessel, a process which takes 25 days in the factory, was made in only five days by a new narrow-gauge welding process where the head was replaced after the retubing. The biggest advances in manufacture, however, may come from use of the R-theta robot on the production line.

Early next year the engineers at Tampa plan to start assembling three steam generators vertically instead of horizontally, making use of the high bay, 115 feet high, in which they staged the operation last summer.

هكذا من الأصل

WORLD STOCK MARKETS

هكذا من الأصل

Wall St. nervous ahead of banking figures

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—83¼% (82⅞%)

Effective $1.9515 37½% (37¼%)

NERVOUSNESS AHEAD of the Weekly Banking Statistics and disappointing Wholesale Price Figures pushed Wall Street slightly lower in light trading yesterday.

The Dow Jones Industrial Average came back 5.91 to 816.09 and the NYSE All Common Index dipped 21 cents to $54.50, while losses led gains by 818-to-591. Trading volume dropped 8.59m shares to 21.24m.

The Government reported that Producer Prices for Finished Goods rose at a seasonally adjusted annual rate of 9.6 per cent in November, compared with rises of 10.8 per cent in the two previous months. However, some Wall Street analysts had expected a rate of gain considerably below 9.6 per cent for November.

Other economic news included the report that Consumer Credit expanded a seasonally adjusted $3.12bn in October after increasing a revised $3.88bn in September.

There was also some concern about unrest in Iran.

After the SE closed, the Federal Reserve said the Basic Money stock (M-1) fell $700m in the latest reporting week and the new category (M-1 plus) fell $1.4bn.

Xtra moved ahead $1¼ to $36¼ on higher September quarter net earnings plus raised dividend.

Among Gambling issues, Twentieth Century Fox rose $1 to $34¼, Bally $¾ to $44¼ and Caesars World $⅝ to $25. Harrah's were off $⅜ at $20⅝.

Federal Paper Board moved up $1⅜ to $25½ and traded as high as $26⅞—the company knew of no reason for the recent increased activity in its stock.

Murphy Oil finished $2 down at $46½, after $45.

Heck's improved $⅝ to $9¾—it forecast a 20 per cent rise in 1978 earnings.

Clorox put on $¼ to $11⅝ on rumours about a possible foreign takeover.

IBM dropped $2 to $275¾, Du Pont $2½ to $124½ and General Dynamics $2½ to $77¾.

Westinghouse Electric lost $¼ to $18—it will evacuate its employees from Iran "on a temporary basis."

Phelps Dodge added $¼ at $21¾—it looks for a "good first half next year."

Active Exxon lost $¾ to $50—it will abondon its first Baltimore Canyon well but said it has not given up on the area and will continue exploring.

International Harvester eased $¼ to $35¾ on lower fourth quarter earnings.

Boeing reacted $1¼ to $71¾.

General Electric shed $⅝ to $48⅜ despite defence contracts worth $59.3m.

MBPXL tacked on $¾ at $26⅝—Cargill began its offer for any and all MPBXL shares at $27 each. MPBXL rejected an earlier merger pact with Conagra in favour of the Cargill offer. Conagra gained $⅝ to $21⅝.

THE AMERICAN SE Market Value Index lost 0.45 to 151.49 and the volume fell to 2.53m (3.55m) shares.

Volume leader Resorts International "A" gave way $¼ to $26¼—it was sued by a shareholder over objections raised by New Jersey Gaming Authorities to granting a permanent licence for Resorts' Atlantic City casino.

Riley lost $¼ to $34¼ although it won a multi-million dollar contract to build steam generators in *Saudi Arabia.*

Tejon Ranch dipped $⅜ to $33¼—it said rumours of a takeover were "incorrect." EDO advanced $1⅛ to $19¼.

Canada

Markets closed around the best level of the day with the Toronto Composite Index up 5.3 to 1,290.5.

All other indices gained ground, with Metals and Minerals up 2.8 to 1,077.9, golds 27.7 to 1,349.6, Oil and Gas 4.5 to 1,787.8, Utilities 1.16 to 198.32, Banks 4.44 to 307.71 and Papers 1.01 to 154.79.

Dome Mines rose $1¼ to $84¼, Campbell Red Lake $1½ to $34¾ and Giant Yellowknife $⅞ to $10⅞.

Canadian Pacific Investments put on $¼ to $23½ and McGraw-Hill Ryerson $¼ to $9—each raised their dividend.

Paris

Prices were steady in active business, reflecting increased Foreign interest and the steadiness of the French franc.

Moulinex, however, shed FFr 2.8 to 141, while Ferodo eased FFr 1.50 to 461.50 despite higher sales in the first nine months of this year.

L'oreal rose FFr 24 to 774 on higher sales in the first nine months.

ITT and Merck led U.S. shares lower. Germans also were lower, apart from Siemens which gained ground. Dutch and International Oil shares weakened, while Golds and Coppers were steady.

Brussels

Most Belgian shares were higher, with Steels notable in reaction to recent Government measures to aid the Steel Industry.

Reserve, Lambert and Hoboken each rose, while Clabecq and Cockerill each gained sharply. Also higher were Hainaut Sambre, UCB, Finoutremer, Cometre and Arbed.

Among Foreign stocks, UK and French issues were higher, U.S. fell, while Dutch and Canadian were little changed. Gold shares rose in line with the higher London fixing.

Amsterdam

Share prices were mostly easier in quiet trading, with investors holding back against a background of scattered strikes by Dutch Public Sector employees.

Internationals were all easier.

Heineken were unchanged at Fls 96.5 after announcing higher year net profit and an unchanged dividend on increased capital.

Volker Stevon were quoted Fls 96 following the recent merger with Stevin.

State Loans were steady to lower.

Switzerland

Movements were narrowly *mixed in featureless trading with* markets lacking new stimulating factors.

Leading Banks and Insurances were barely changed. In Financials, Moevenpick recouped its recent loss, while Elektro-Watt and Forbo "A" each firmed.

Among narrowly mixed Industrials, Hero Conserven, Ciba-Geigy Bearer and KW Laufenburg met some demand.

Domestic and Foreign Bonds were steady in moderately active dealings.

In the Foreign Sector, Dollar stocks traded slightly below Wednesday's New York closing levels. Dutch and German shares were easier.

Milan

Prices were generally higher *in moderate trading.*

Snia Viscosa firmed in Chemicals, while Montedison shed Lire 1.25 to 174.75 following news that only just over half of its Lire 203bn capital increase has so far been taken up.

Industrial and Financial leaders were mostly better.

Bonds were quietly lower.

Johannesburg

Gold shares were firmer on the higher bullion price indications and a weak Security Rand which attracted some London demand.

Selected issues advanced on General Mining Group *dividend* announcements and Union Corp. annual report.

Trading had virtually come to a standstill some time before the official close, with operators *engaged in lighthearted antics* ahead of the Stock Exchange move today to new premises after 75 years in Hollard Street.

Industrials held steady in light trading.

Tokyo

Share prices were slightly higher in heavy trading—340m (490m) shares—on selective buying interest, despite a delay in the formation of the new Ohira Cabinet.

Synthetic Fibres, Steels, Heavy Electricals, Pharmaceuticals, Chemicals and Vehicles gained ground, but Real Estates weakened.

Shippings and Petroleums firmed, but a late wave of profit-taking in leaders pared early gains.

Nippon Oil were up Y11 to 661, Toray Industries Y6 to 182, Nittoh Chemical Y12 to 229, Azuma Steel Y29 to 339 and Japan Lines Y4 to 116, but Heiwa Real Estate lost Y8 to 685 and Pioneer Electronic shed Y20 to 1,620.

Hong Kong

Market eased slightly in moderately active trading.

Hutchison Whampoa fell 17.5 cents to HK$4.325, while Hongkong Bank shed 10 cents to 17.70, as did Jardine Matheson to 12.10, Hong Kong Land to 8.15 and Swire Pacific to 8.0.

Hong Kong Wharf were down HK$1.10 to 28.30.

Australia

Mininga nd Industrial leaders led an across the board rise, following the uptrends on Wall Street and Lodnon overnight.

Westfield rose 14 cents to A$8.60, while Intercomb gained 10 cents to2. 10 on its higher profit and BHP 4 cents to 8.70 on optimism over its current oil exploration programme.

Bundaberg Sugar put on 5 cents to 3.33 and Philip Morris 10 cents to 6.10.

Among Coal Miners, Coal and Allied advanced 20 cents to $5, while Utah were up 5 cents to $4 on news of its contract with Japanese steel mills.

Uraniums also improved, except Queensland Mines which eased 5 cents to $3.15. Diamond issues gained ground.

Elsewhere, Renison firmed 10 cents to $9.70, Western Mining 6 cents to $1.60 and Mount Isa 3 cents to $2.45.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs: including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

NEW YORK

Stock	Dec. 7	Dec. 6
Abbott Labs	34⅞	35
Addressograph	24⅝	24⅛
Aetna Life & Cas	41⅛	39⅞
Airproducts	24⅜	24⅛
AlcanAluminium	34	33⅞
Alcoa	48⅜	48
Alleg. Ludlum	15¾	15½
Allegheny Power	17⅛	17¼
Corning Glass	57⅝	57¼
CPC Int'rn'tio'al	49⅞	49⅝
Crane	24¼	23⅞
Crocker Natl	25	24⅝
Crown Zellerbach	30¼	30¼
Cummins Engine	33⅛	33⅝
Curtiss Wright	14⅛	14⅝
Dana	28	27½
Dart Industries	40	40⅛
Johns Manville	25	25
Johnson Johnson	76	76¾
Johnson Control	24	24¼
Joy Manufactur'g	30	30
K Mar Corp	23⅝	23⅝
Kaiser Alumini'm	18¼	18¼
Kaiser Industries	2	2⅛
Kaiser Steel	19⅝	19⅝
Kay	12	12
Kennecott	22¾	22⅞
Revlon	54⅞	54⅝
Reynolds Metals	35	36
Reynolds R. J.	58¾	59
Rich'son Merrel	23¼	23¼
Rockwell Inter	35¼	35⅛
Rohm & Haas	32⅜	32¾
Royal Dutch	58¼	58½
RTE	10⅞	11
Russ Togs	10¼	10⅝
Woolworth	19¼	19¾
Wyly	4	4
Xerox	55⅛	55⅜
Zapata	11¼	11⅛
Zenith Radio	13⅝	13½
U.S. Treas. 4% 1980	†94	†94
US Treas 4¼% 75/85	†78⅝	†78⅝
U.S. 90-day bills	8.89%	8.87%
Conrac	15¼	15⅛
Con. Edison NY	23¾	23¾
Consol Foods	22	22⅛
Consol Nat Gas	37	37⅛
Consumer Power	23	23
Continental Grp	27½	27⅝
Continental Oil	27¾	27⅞
Continental Tele	15¼	15⅛
Control Data	35⅛	35⅜
Cooper Indus	49⅝	49¼
Intl. Harvester	35	35¼
Intl. Min & Chem	36⅛	36
Intl Multifoods	19	19
Inco	15	15
Intl. Paper	40⅛	40¼
Intl. Rectifier	10⅞	10⅞
Intl. Tel & Tel	27½	28
Iowa Beef	51⅛	51⅛
IU International	10	9⅞
Jim Walter	27⅛	27⅝
Procter Gamble	87	87⅛
Pub. Ser. Elect	22	22⅛
Pullman	35⅝	35½
Purex	16	16¾
Quaker Oats	24⅛	24⅜
Rapid American	16⅜	15⅞
Raytheon	48	48
RCA	27⅜	27¼
Republic Steel	24⅝	24⅛
Resorts Intl	26¼	26¾
Western Bancorp	24	23⅞
Western N. Amer	22¾	23
Western Union	16⅝	16⅝
Westingh'se Elec	18	18⅛
Weyerhaeuser	25⅝	25¾
Whirlpool	20	20
White Con. Ind.	17⅝	18
Witham Co.	15¼	15⅜
Wisconsin Elect	27⅜	27⅜

† Bid. ‡ Asked. § Traded. ‖ New stock.

CANADA

GERMANY ♦

Dec. 7	Price Dm.	+ or —	Div. %	Yld. %
AEG	85.1	+2.1	—	—
Allianz Versich.	495.0	—0.5	31.2	3.2
BMW	226	......	28.12	6.2
BASF	136	—1	18.76	6.9
Bayer	141.5	—0.4	18.76	6.6
Bayer-Hypo	320	+1	28.12	4.4
Bayer-Vereinsbk.	332	—1	28.12	4.3

TOKYO ¶

Dec. 7	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	370	—1	14	1.9
Canon	460	......	12	1.3
Casio	871	......	25	1.4
Chinon	385	......	20	2.6
Dai Nippon Print	589	—8	18	1.5
Fuji Photo	581	—1	15	1.3
Hitachi	260	+5	12	2.3

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ♦

COPENHAGEN ♣

MILAN

VIENNA

AUSTRALIA

Dec. 7	Aust. $	+ or —
ACMIL (25 cents)	†0.71	......
Acrow Australia	†1.00	......
AMATIL $1	†2.08	+0.03
Ampol Exploration	†1.28	......
Ampol Petroleum	†0.75	—0.01
Assoc. Minerals	†1.32	......
Assoc. Pulp Paper $1	†1.78	+0.01

PARIS

STOCKHOLM

Indices

NEW YORK—DOW JONES

	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 1	Nov. 30	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
♦Industrials	816.09	821.90	820.51	806.83	811.50	799.03	907.74 (8/9)	742.12 (22/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	86.56	86.49	86.51	86.28	86.25	86.41	90.86 (4/1)	86.12 (13/11)	—	—
Transport	216.80	218.20	216.20	215.53	216.50	212.36	261.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	101.29	101.32	100.78	100.27	99.97	99.56	110.98 (5/1)	98.35 (14/11)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	21,240	29,830	25,690	22,020	26,920	19,920	—	—	—	—

- Basis of Index changed from Aug. 24

♦ Day's high 826.49 low 812.98

	Dec. 1	Nov. 24	Nov. 17	(Year ago approx
Ind. div. yield %	5.97	5.93	5.90	5.57

STANDARD AND POORS

	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 1	Nov. 30	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	107.81	108.34	108.30	106.80	106.96	105.16	118.71 (12/9)	95.52 (6/3)	154.64 (11/1/73)	3.53 (30/6/32)
§Composite	97.08	97.49	97.44	96.15	96.28	94.70	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Dec. 6	Nov. 29	Nov. 22	Year ago (approx.)
Ind. div. yield %	5.05	5.23	5.12	4.96
Ind. P/E Ratio	8.77	8.73	8.90	8.92
Long Gov. Bond yield	8.74	8.75	8.67	7.86

N.Y.S.E. ALL COMMON

Dec. 7	Dec. 6	Dec. 5	Dec. 4	1978 High	1978 Low
54.50	54.81	54.44	53.75	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Dec. 7	Dec. 6	Dec. 5
Issues Traded	1,881	1,916	1,912
Rises	591	865	1,098
Falls	818	595	435
Unchanged	472	456	379
New Highs	—	24	22
New Lows	—	24	39

	Dec. 7	Dec. 6	Dec. 5	Dec. 4	1978 High	1978 Low
MONTREAL Industrial	217.41	215.92	214.88	215.26	222.14 (11/10)	152.90 (16/2)
Combined	224.25	222.52	221.91	222.38	225.81 (12/10)	170.62 (30/1)
TORONTO Composite	1290.5	1285.2	1282.1	1281.4	1352.7 (12/10)	998.2 (30/1)
JOHANNESBURG Gold	228.2	225.8	224.9	223.4	272.0 (14/5)	186.0 (20/4)
Industrial	267.7	266.3	266.7	265.5	281.8 (1/11)	194.9 (13/3)

	Dec. 7	Pre-vious	1978 High	1978 Low
Australia(¶)	534.84	532.40	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	97.76	97.74	101.16 (8/6)	90.43 (23/6)
Denmark(**)	91.34	91.01	98.96 (14/6)	88.08 (30/10)
France (††)	78.6	77.6	83.0 (4/10)	47.8 (3/2)
Germany(‡‡)	833.10	835.0	863.8 (19/10)	759.4 (17/5)
Holland (§§)	79.4	79.4	93.1 (11/8)	78.0 (4/4)
Hong Kong (¶¶)	521.98	525.08	707.70 (4/8)	383.4 (13/4)
Italy (‖‖)	70.78	70.18	82.26 (25/9)	55.45 (10/1)
Japan (a)	448.60	447.32	448.60 (7/12)	364.04 (4/10)
Singapore(b)	353.25	352.64	414.50 (8/8)	282.0 (9/1)
Spain (d)	91.70	92.40	110.78 (9/6)	87.96 (17/3)
Sweden (e)	372.39	376.56	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	286.4	286.5	323.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 30/12/77. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Sears Roebuck	409,600	21½	+⅛
Boeing	225,900	71¾	—1¼
Exxon	221,700	50	—¾
Amer. Tel. Tel.	213,300	61⅛	—⅛
Champion Spark	213,200	9⅞	—⅛
Texaco	194,200	24⅞	—⅛
Nor. Ind. PS.	155,200	13⅞	—⅛
Brit. Petroleum	154,700	16⅛	—⅛
Bally Mfg.	149,500	44⅞	+⅜
Westinghouse Elec.	143,300	18	—⅛

OSLO

Dec. 7	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	105.5	......	9	8.5
Borregaard	64.5	+0.5	—	—
Creditbank	118	......	11	9.5
Kosmos	350	......	20	6.1
Kreditkassen	116.0	+0.5	11	9.6
Norsk Hydro Kr	185.50	—3.25	12	6.2
Storebrand	93.75	+1.25	7	7.5

BRAZIL

Turnover Cr 30.0m. Volume 22.6m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.$0.65
(Discount of 44%)

SPAIN ♥

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	13½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10% up to £25,000 10½% and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

FOOD PRICE MOVEMENTS

	December 7 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,115
British A.1 per ton	1,110	1,110	1,085
Irish Special per ton	1,110	1,110	1,010
Ulster A.1 per ton‖	1,110	1,110	1,050
BUTTER			
NZ per 20 kg	12.61/12.74	12.61/12.74	12.61/12.74
English per cwt†	76.00/81.11	79.14	79.14/79.15
Danish salted per cwt†	80.90/83.49	80.98/83.72	80.98/83.72
CHEESE‖			
NZ per tonne	1,223	1,200	1,161.50
English cheddar trade per tonne	—	1,345	1,345
EGGS*			
Home produced:			
Size 4	3.20/3.50	3.10/3.40	2.60/2.80
Size 2	4.20/4.40	3.70/4.00	3.20/3.40
	December 7 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	54.0/58.0
Eire forequarters	36.0/38.0	36.0/38.0	37.0/39.0
LAMB			
English	50.0/54.0	50.0/52.0	52.0/56.0
NZ PLs/PMs	—	—	56.5/58.0
PORK (all weights)	35.0/46.0	35.0/46.0	37.0/46.0
POULTRY—Broiler chickens	35.0/38.0	35.0/38.0	35.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ‖ For delivery December 9-16.

The Property Market

BY JOHN BRENNAN

Over-ambitious planners

AFTEN TEN years work, only 54 of the country's 81 regional structure plans have been submitted to the Government, and only 24 of these have been approved. Mr. Peter Shore, Secretary of State for the Environment, warned planners this week that "this is progress, but it is not fast enough."

Addressing the Town and Country Planning Association's annual conference in London, Mr. Shore repeated his commitment to the system of country-wide structure plans, despite recent opposition from the Environment Sub-Committee of Parliament's Expenditure Committee. Rejecting changes proposed by the committee, Mr. Shore said that "even if we found what we thought was the better way it would — on past form — be five or seven years before we know if we are right or not.

Mr. Shore asked planners not to be "over-ambitious." He said that "a reasonable plan produced efficiently and speedily is, frankly, to be preferred to plans honed and polished, but long-delayed by excessive detail or by over-complicated techniques."

Mr. Shore explained that his proposals to place responsibility for all planning applications with districts, rather than county authorities should end the present uncertainty over which planners developers should approach. And he repeated his rejection of the Environment Sub-Committee's view that development controls are inefficient and unnecessary, saying that "we can and must improve it where possible," by responding to criticism

Turning to land availability, Mr. Shore said that this was often "discussed publicly in a sterile way with the trading of statistics by planning authorities on the one hand and housebuilders on the other, each side unfortunately sometimes simply not accepting the other's case."

Local discussions should, he felt, resolve most of these disagreements. The Community Land Act would, he believed, resolve the rest.

Now that loan sanction restrictions on the authorities have been relaxed "there is nothing to stop the scheme making good progress. Of course," he said, "I am not satisfied with the rate of progress and I will look forward to the time when local authorities generally will commit themselves wholeheartedly to implementing their policies through the scheme."

Mr. Shore continued: "We have now established across the political spectrum that development land values should be taxed" and as the tax, "is bound to have some inhibiting effect on the market," the Land Scheme ensures that enough land comes forward. He believes that the laws have now "achieved a reasonable compromise between the right of the community to get the benefit of increases in land values and yet retaining enough incentive for the market to operate."

Against self-interest

AN INDUSTRY that thrives on controls makes a poor critic of restrictive legislation. And when property men decry the government's planning and development laws they risk leaving themselves open to a charge of hypocrisy.

Setting aside the political aspects of a policy ultimately aimed at the public ownership of all development land, the principal targets for snipers from the property industry are the Community Land Act, Development Land Tax, and inefficient planning systems. Each of these areas of criticism can be looked at in two ways.

On the one hand, CLA, DLT, and sluggish planning all add to a developer's problems. The CLA, following recent relaxations of loan sanction controls, may for the first time give authorities the scope to use their land acquisition powers effectively and this may theoretically, resolve developers' site assembly problems.

But overall, the legislation increases the authorities' role in the development process and, even if Mr. Shore's comments this week (reported above) suggest that he hopes that this greater role will result in greater planning efficiency, on past performance local authority participation means additional red tape.

The Land Act, combined with DLT, has also meant that land owners, who in the past sought out ways of developing their land are reluctant to be drawn into the open. And that has led to the present boom in the price of the diminishing supply of developable land free of controls.

DLT at its current interim rate of 66⅔ per cent, rising to 80 per cent in 1980, clearly cuts through the financial logic of many proposed new developments.

All the negative aspects of the legislation are well known. But what of the positive side of the government's programme?

At a cynical but practical level the more complicated the laws, the greater the need for professional advice, and the larger the fees for surveyers, buyers, and all the other agents who specialise in lighting a path through the rules. Fewer developers may bother to tread that path. But fewer developments keep tenants locked into the established investment portfolios of the property companies and financial institutions, competition between these tenants for the restricted amount of commercial space keeps rents moving ahead, and that in turn underpins the rising capital values that justify property investment portfolios in the first place.

On the wider stage, complex development controls sit uneasily alongside government talk of regenerating the inner cities, creating modern industrial buildings and generally improving the environment. But does the property industry really relish the prospect of a truly free market?

How would a pension fund justify financing an inner London industrial development where site costs run to £¾m an acre if the vast tracts of Docklands were fully served with roads and available for development at current use values? How many provincial offices would find their way into investment portfolios if tenants have a free choice of half a dozen speculative schemes in the area? And what of rents in a really free market? They would bear little relation to the current market where British office rents are among the highest in the world.

A free market is out of the question. It is politically impossible. But it is also commercially impractical without first dismantling the structure of the present market that has been built around artificial restrictions on the supply of commercial space.

That leaves critics of the legislation in an interesting light. Since few sections of the property industry would benefit from less restrictive controls, the criticisms are either just loud enough to pay lip service to laissez faire capitalism without risking any real changes, or they reflect genuine concern that the private sector of the industry should be allowed to operate as an efficient part of the economy.

Looked at that way, politicians evaluating criticism of their policy would begin to appreciate that there is more than self-interest behind the property industry's lobby for a lighter DLT charge and more flexible planning controls. If the industry's spokesman really thought only of their own incomes there would be plenty of voices calling for ever more convoluted laws.

Monopoly traders

Town centre developments carried out by the retail groups could prove to be "socially undesirable" according to the Hammond Phillips Partnership in a review of the retail property market published today.

In a market where rents for prime located shops have increased by "between 50 and 100 per cent" in the past year, HPP notes the number of institutions, traditional property company developers and stores groups that are now starting work on shopping schemes. But it warns that, "there are certain dangers in consumer developers undertaking comprehensive town centre development schemes. Although super-stores bring huge demand from the public they do not necessarily create a good shopping environment."

The problem with these superstores is that their operators, being the scheme developers and being "primarily interested in maximising their own space and location" inevitable, "dominate the trading positions and create a monoply situation. The scheme may be financially advantageous to local authorities but could be undesirable socially and might quickly lead to other traders in the vicinity being forced to close with buildings remaining empty and an ultimate lack of choice for the consumer."

The dramatic rise in retail rents poses another threat to consumer choice by forcing established convenience trades from the High Streets. And when tenants can take £¼m premiums for prime located units, "Key money" that, "rarely bears any resemblance to the theoretical value of the unexpired leasehold interest, which is often very short, and are regarded by the purchasers as a once-only payment to secure representation in the thoroughfare . . ." HPP sees no end to fashion stores' invasion of the High Streets.

One side effect of the rise in shop rents is the increasing number of landlord and tenant battles over reviews.


Terry Kirk

And with that in mind, HPP notes the "trend in new shopping centres for the developer to ensure that future rent review patterns are staggered to avoid the danger of tenants confronting landlords collectively when reviews are due."

IN BRIEF

IT IS hard to be cheerful about the Brussels office market while there are still 3.77m sq ft of empty buildings, and another 538,000 sq feet due for completion within the next two years. But Jones Lang Wootton manages a brave smile, reports lettings or sales totalling 820,000 sq ft in the first nine months of the year, and forecasts that the over-supply will be absorbed by 1980.

To support its case JLW has just let 21,530 sq ft of the Herpain, Belgium contracting group's building at 50 Boulevard du Regent in the Quartier Leopold to the Deutsche Bank for BF 3,750 a sq metre (£5.90 a sq ft). The rent, which is the same as JLW's recent letting of 34,400 sq ft in Comercial Union's Arts/Lux building on Rue du Luxembourg, Avenue des Arts and Rue du Commerce to the Japanese Embassy, confirms the marked strengthening of interest in prime located space in recent months.

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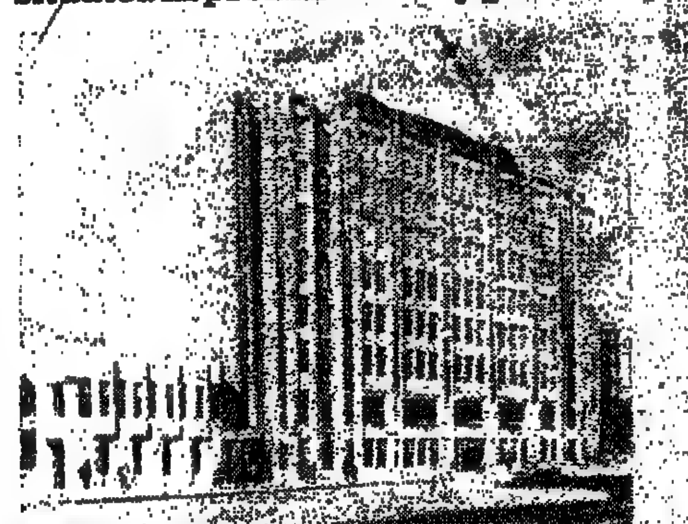
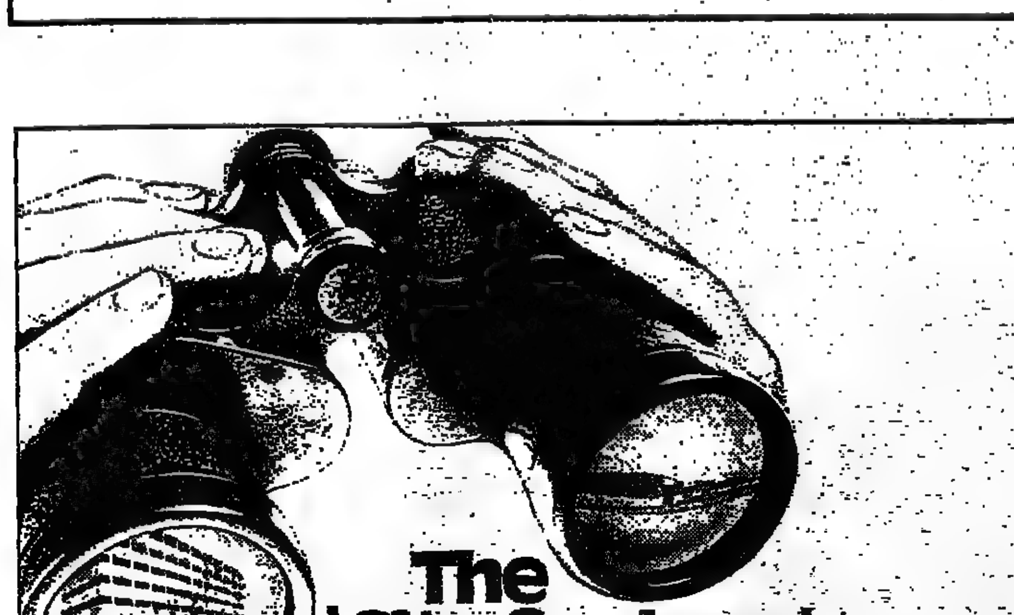
Property Deals appear on Page 36

INDUSTRIAL AND BUSINESS PROPERTY





هكذا من الأصل

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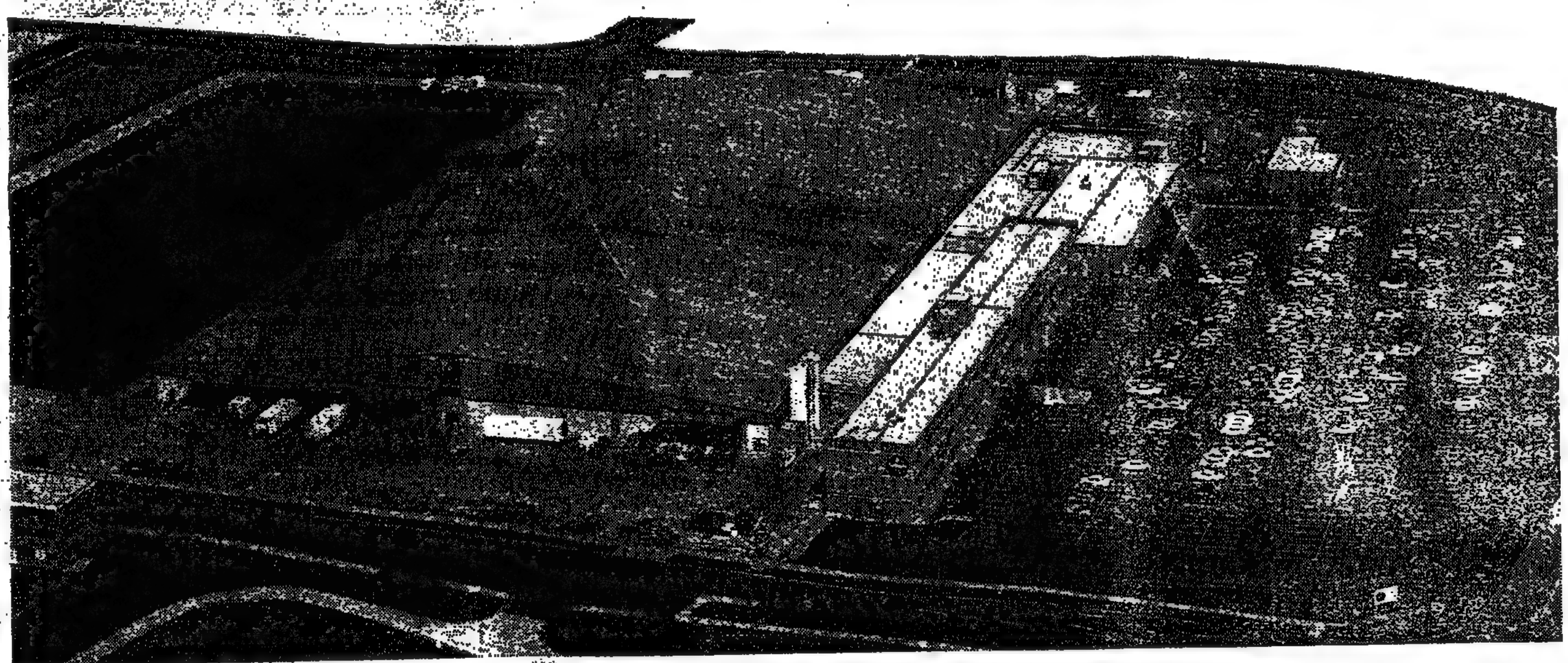
Henry Telfer Ltd has established a factory, distribution warehouse and offices totalling 268 000 sq ft on a 20 acre site. The factory employs the latest techniques in the hygienic manufacture of meat products and is among the largest of its kind in Europe.



K for Industry

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TO LET

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PROPERTY DEALS

British Rail's £38,000 a foot

SHOPPERS in Aberdeen should treat the 47½ ft shop frontage of 95 to 99 Union Street with respect, for each foot of that frontage has cost the British Rail pension fund £37,895. In a three-cornered deal with the furnishing group James Grant and Co. (East) and the Wallis Fashion Group, British Rail's fund has paid £1.8m cash for Grant's six floor, 13,500 sq ft shop and pre-let the unit to the fashion house.

Grant, which bought the freehold just after the war and held the property in its books at a 1965 valuation of £150,000, will bank the difference and pay £260,000 for a 17,000 sq ft shop in the less fashionable end of Union Street at 419 and 421. It will complete the deal and make its move at the beginning of February. Churston, Heard and Co. acted for Wallis, and Peter Hunter introduced the deal to the rail fund's surveyors, Wright and Partners.

●

OYSTER LANE Properties, the joint company set up by Vickers and GEC to redevelop the former motor racing circuit and airport at Brooklands, Surrey, has signed up Bass Charrington as its latest pre-letting. Fuller Peiser, agents and project managers for the 95 acre site, have pre-let an 85,000 sq ft distribution depot to the brewery which will be completed by September 1979. Charrington will have 15,000 sq ft of offices in the block along with purpose-built storage and loading space. Like Cadbury Schweppes, which recently pre-let a 44,000 sq ft depot for completion next April, the high office content of the Charrington block brings rents to around the £2.20 a sq ft level.

These pre-let rents compare with the £1.60 a sq ft that Inveresk has been paying since July this year for its 64,000 sq ft paper storage space in a 60 ft high refurbished aircraft hanger on the site. Oyster Lane whose parent companies are financing all the development work plans to build 750,000 sq ft of modern industrial and warehouse units at Brooklands before turning to the redevelopment of 250,000 sq ft of existing space now fully let to smaller industrial tenants on five year leases for between £1 and £1.75 a sq ft.

●

PENSION FUNDS' preference for a minimum of 99 year leases on investment properties can result in some odd negotiations. Because of that preference National Car Parks' subsidiary John Matthews Properties found it easier to renegotiate the remaining 79 years of its headlease on its 89,000 sq ft industrial and 28,000 sq ft office buildings on the Manor Royal Industrial Estate in Crawley before offering the property to the institutions. NCP's lease, from the New Towns Commission, ran without review until 2057. But to give the buildings fund appeal, NCP had to surrender its lease and work out new terms with the Commission extending the lease to 99 years from 1978 and, in return, accepting a regularly reviewable ground rent.

The change of lease structure worked. And now unnamed institutional clients of Bernard Thorpe and Partners have paid £1.9m for the 1950s buildings. Hirsch Mortgage (International) introduced the investment to Thorpe.

NCP bought the vacant buildings five years ago, renovated the industrial and warehouse space and the two-storey offices which give Redifon Computers 19,000 sq ft of net usable space. All the buildings are now let on five yearly reviews, some of which fall due in July next year.

Neither Thorpe nor NCP are talking rents. But open market rents in the Manor Royal estate in Crawley and nearby Lowfield Heath now run as high as £2.00-£2.25 a sq ft for smaller warehouses and average £1.50-£1.70 a sq ft for larger units.

●

PORTMAN'S ESTATES's subsidiary, UK Property Company, has sold the remaining 69 years of its leasehold on 18 City Road, EC1, to The Anglo-Iberian Steamship Company. Anglo-Iberian, represented by Elliott, Son and Boyton, took a 35-year yease from Portman on the 4,442 sq ft offices in 1970 and has been paying around £3.50 a sq ft since the 1977 review. It has now paid £220,000 for Portman's lease from the Church Commissioners which costs £165 a year, without review, until 2047.

●

CASH and carry warehouses are sufficiently in vogue, and sufficiently difficult to find that they command premium rents. B and Q (Retail), a direct warehouse-to-customer builders' merchant business, proved so keen to take a 24,000 square feet retail warehouse on the Nuffield Estate a mile or so from the centre of Poole, Dorset, that it has just signed to accept four yearly rent reviews on its 24 years lease.

Builders' merchants Willis (Bournemouth), advised by Knight Frank and Rutley, let the warehouse to B and Q for £29,000 a year giving the unnamed local authority pension fund that then acquired the investment for "in excess of" £360,000 an initial return of around 8 per cent. B and Q was advised by Goadsby and Harding in the negotiations.

B and Q's £1.20 a sq ft initial rent will have to be topped by a fair margin to make commercial sense of industrial development on Caravans International's six-acre site down the road at Parkstone, Poole. Caravans International hopes to receive "well in excess" of £450,000 for the former caravan manufacturing site on the A348 Poole-Ringwood road which now has planning permission for 19 industrial and warehouse units making up 74,000 sq ft of covered space. Fox and Sons of Bournemouth are to auction the land on February 22, 1979.

JB

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FARMING AND RAW MATERIALS

Wheat talks close to collapse

BY CHRISTOPHER PARKES

ON THE EVE of a fresh attempt to break the stalemate blocking progress towards an International Wheat Agreement a senior U.S. adviser at the talks has said the negotiations are "on the point of collapse."

Mr. Michael Hall, president of Great Plains Wheat, said in Kansas City that he had advised the Carter Administration to take no further part in the talks and start paying an export subsidy on U.S. grain until the European Community stopped shipping subsidised exports.

He claim that the EEC subsidy system would ultimately price the U.S. out of world grain markets.

"Something should be done to show that we demand fair and effective competition for international markets," he said, according to AP-Dow Jones.

"All we need is for somebody to say we're going to get tough in international trade."

Mr. Russell Arndt, another adviser speaking for the National Corn Growers' Association, claimed the talks held little promise for any improvement in exports.

Mr. Robert Strauss, Mr. Carter's chief foreign trade negotiator, said farmers could expect "modest improvements" in foreign markets from the Agreement talks.

Continuing his attack on the EEC stance, Mr. Hall said the Europeans "have never placed an ante in the pot."

Mr. Arndt pointed out that the proposed coarse grain agreement linked with the wheat pact, was nothing more than an information exchange on prices, crops, export availability, import needs and freight rates.

"This agreement does nothing to improve access to European markets," he claimed. Wheat prices in the U.S. would be between 50 cents and $1.25 higher if other countries had made "more responsible decisions" on grain sales.

A report published in Washington yesterday said international grain reserves, backed up by national stockpiles and more bilateral grain supply agreements would provide the best short-term means of stabilising world food supply reports Reuter.

The total reserve would need to be 55m to 65m tonnes to ensure a reasonable degree of price stability. Of the total 25m to 30m tonnes would be needed for the developing world.

Such stocks should be held in addition to normal working stocks, the report says.

In Toronto the Canadian Wheat Board assured Japan and other Asian wheat buyers that shipments will be back to normal by next month.

Port congestion, hold-ups with land transport and repairs to elevators have delayed ships. About 300,000 tonnes of wheat scheduled for shipment during the last quarter of the year have been delayed. The Canadians are reported to have paid compensation to the Japanese buyers.

● In Canberra, the Australian Statistics Bureau estimated the 1978-79 wheat crop at a record 15.18m tonnes.

Its first estimate of 1978-79 grain production compares with a revised figure of 9.32m tonnes for the drought-afflicted 1977-78 crop and the previous record of 14.80m tonnes harvested in 1968-69.

The bureau put the area at 10.18m hectares against 9.97m last season.

Quick end to Bolivian tin strike

By Our Commodities Editor

THE STRIKE by Bolivian tin miners ended last night after lasting only 36 hours.

The Bolivian Minister of Economic Co-ordination promised to meet the demands of the strikers who want the Government to pay $4m owed in mining royalties to the province of Oruro and the installation of a cement factory in the province.

Tin prices opened higher on the London Metal Exchange on news of the strike and an overnight rise in the Penang market. But values fell back later to close marginally lower.

Other base metals were generally higher. Lead was boosted by reports, later denied, of production difficulties at Asarco's Glover plant.

Brazil frost fails to cut coffee supply

By Our Commodities Staff

WORLD PRODUCTION of coffee will be maintained in the 1978-79 season, ending September, 1979, despite the frost damage in Brazil, the International Coffee Organisation forecast yesterday.

In its quarterly bulletin the Coffee Organisation estimated the 1978-79 crop at between 69.97m to 73.79m bags (of 60 kilos) compared with the 1977-78 crop of 71.11m bags. Brazil's crop to be harvested in 1979 is put at between 16 and 20m bags against 18.9m bags in 1977-78.

Exportable supplies are put at between 52.31m and 56.31m bags compared with 53.71m bags in 1977-78.

Opening world stocks at the beginning of October are estimated at 31.10m bags against 28.28m bags a year earlier.

London coffee prices were higher yesterday in what was thought to be a technical reaction in an oversold market. However, sentiment remains depressed by the apparent availability of ample supplies.

Israeli exports forecast rises

By Our Own Correspondent

TEL AVIV, Dec. 7.

ISRAEL'S EXPORTS of processed foodstuffs will reach $225m this year—an increase of 22 per cent on 1977, according to the Ministry of Commerce and Industry food division.

Together with fresh agricultural produce, processed foodstuffs account for 20 per cent of Israel's total exports of about $3,000m a year.

FARM LAND

High risk of buying those extra acres

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DR. ROBERT BRUCE, the Midland Bank's agricultural manager, has been warning farmers of the dangers of paying too much money for land.

His remarks were made at a meeting in Cumberland, where land prices have taken off during the last year. There is, of course, nothing new in bank managers uttering Cassandra-like warnings. I once sat meekly in my bank manager's office listing to a lecture on the foolishness of spending £20 an acre on a farm, for which the money would have to be borrowed.

"Why didn't you ask me first?" he said. "Because after listening to your lecture," I replied, "I am sure you would have said no, and I wanted the farm." I could have added, but this was not the moment to do so, that I have always believed that bankers like any other tradesmen should be kept firmly in their place.

However circumstances alter case, and some banks, the Midland in particular, take a much closer interest in their farmer clients' affairs. They have specialists on whom managers can rely for advice. This is probably a wise precaution, as the sums of money at stake are now so large that financial matters could easily go wrong very quickly.

Bankers' worries stem not from the purchases of whole farms, where presumably the buyer knows what he is doing and has substantial assets already, but from the results of farmers buying small parcels of land to add to existing acreages.

This is particularly prevalent in areas where farms are small. Any coming on the market would be hardly likely to attract the institutions or other big buyers. Nor would neighbouring farmers be easily able to find the resources to buy, say, a 100-acre farm at £2,000 an acre or even more. In fact, sold as a whole it might make a good deal less.

In an area of small farms, there is any amount of farming families who have the resources, or believe they have, to purchase another 20 or 30 acres to add to their existing holdings. Auctioneers and estate agents are well aware of this, and will often divide the farm for sale into convenient parcels, especially designed to attract the neighbours.

One agent told me that it was essential to have a good local knowledge of the district so that the potential of each prospective customer could be accurately assessed.

Of course not all farmers seek credit. The industry as a whole has a borrowing capacity of not much more than 10 per cent of total assets. The main mass of borrowing is probably in the arable districts.

Small farmers with cows or livestock lend more to the banks than they borrow. This I believe has always been so, and accounts for the fact that in the cyclical slumps the arable areas have generally suffered, while livestock areas have survived.

While there are undoubtedly family nest-eggs, more and more farmers are being forced into borrowing quite heavily to buy that odd field which has just come up for sale on the boundary.

Suppose a farmer has a 120-acre farm on which he is milking 90 cows and paying a realistic rent, or interest charge, of £35 an acre—£4,200 annually. A neighbouring 30 acres comes up for sale and he thinks he can buy it for £2,000 an acre or £60,000.

The annual cost of this loan at the presnt rate of 15 per cent is £9,000, or a rental of £300 an acre on the purchase. This is obviously too high to be contemplated in isolation so he averages he overall rent for the holding. This is now £13,200 or £88 an acre. But that isn't all.

Both the banks and the Agricultural Mortgage Corporation demand repayments. Banks require repayment over 20 years, the AMC up to 40 years. If the farmer has borrowed from a bank he will have to find £3,000 annually, after tax, to keep the accounts straight. And the land must be put to use.

If it is a dairy farm, and dairy farmers do in general appear to be the buyers in these cases, the farmer could milk another 30 cows, if the did the job well.

These would cost £500 apiece: £15,000 at 15 per cent equals £2,250 a year. So the total extra annual cost to the cashflow of buying 30 acres of land could be £14,250 or £475 an acre. The cows, of course, would earn an extra income of about £400 a head if they were well managed. So looked at in harsh commercial terms the farmer is budgeting for a cash flow loss of about £2,000 a year and probably having to work a great deal harder than before.

This is an extreme case. But I am told farmers are entering into these sort of commitments. Some have savings and expectations from relatives. But while these may disguise the real costs of the exercise, they do nothing to reduce the economic liabilities. The only hope of ever clearing the liability would be a vast increase in milk prices, interest rates back to 5 per cent, and massive inflation.

U.S. blamed for delay in rubber pact deal

BY GROG SMOSARSKI

OPPOSITION FROM the U.S. is holding up the conclusion of an international rubber agreement according to delegates at the negotiating conference here.

It is claimed that producers and most consumers, except the U.S., had achieved a broad consensus based on the producers' apparently final draft earlier this week.

But as the conference was moving into its final scheduled day tomorrow the question was whether the U.S. would modify its position to enable the conference to succeed. In spite of general hostility, the U.S. was refusing to comment or amplify its position.

One of the four main points of contention is the size of the buffer stock. Most delegates believe that a 400,000 tonne stock would be adequate to stabilise the world rubber market. The U.S. starting position was 700,000 tonnes.

So far both sides have been prepared to concede about 100,000 tonnes with the majority accepting that a further stock of that size should be instituted if the price receded to the bottom of the range. Thus the majority of consumers are prepared to contemplate financing their share of a 500,000 tonne stock.

Another major sticking point is the question of "floor" price. The idea is that the price range set around a central reference level should follow the general trend of the market.

The producers have only one qualification, namely that there should be a minimum level below which prices should not be allowed to fall. Most consumers accept this, together with the producers' idea of a minimum of 150 cents per kilo — but not the U.S.

There is also disagreement about the formula for adjusting the central reference level.

The final problem is the degree of consultation over other measures which are going to affect supplies. The crux of the matter is that the U.S. is afraid of the producers increasing export taxes, thereby pushing up market prices and claiming that the price range needs to be revised upwards because of the higher prices.

Diseased cocoa trees replaced

ACCRA, Dec. 7.

AN ESTIMATED 37m cocoa trees affected by swollen shoot, a disease endemic in Ghana, are being cut down and replaced by high and early-yielding hybrids, the Ghana News Agency reported.

Some 27m trees have so far been replaced during the last two years.

The Cocoa Research Institute in Eastern Ghana, where more than 50 per cent of the affected trees are situated, is trying to breed plants resistant to the disease.

Sugar forecast rises

BY JOHN EDWARDS, COMMODITIES EDITOR

EARLIER PREDICTIONS of a substantial reduction in world sugar production during the 1978/79 season now seem unlikely to materialise, according to F. O. Licht, sugar statistician.

The second estimate of the 1978/79 world crop issued yesterday is raised to 92.16m tonnes, only 1.4m tonnes below last season's record production. It is 1.2m tonnes above the first estimate in October.

Licht commented that if its revised production estimate proved correct the world would face another sugar surplus in 1978/79 as consumption would certainly remain below the predicted output level.

Bumper crops

There was little reaction on the London futures market yesterday. It was claimed that traders had already discounted the fact that supplies were going to be more plentiful than anticipated in view of the bumper crops in many producing areas, including the EEC.

Meanwhile there are hopes that Colombia may join the International Sugar Agreement.

A group from Colombia is in London as "observers" at next week's meeting of the International Sugar Council and to discuss the possibility of joining the pact.

Market sources pointed out that Colombia has a strong motive to reverse its previous decision not to join following the announcement by President Carter of U.S. restrictions on imports from non-members of the Agreement.

Colombia is considered to be a significant exporter and its joining would help to strengthen the Sugar Agreement. However, the most important non-member remains the EEC, which has indicated its willingness to discuss next week its future attitude to the Agreement.

It seems unlikely that the EEC will take any decision about joining until the 1980 review of the common beet policy, and production quotas, is completed. But it is hoped the EEC will define more clearly its offer of "equivalent obligations" following its refusal to accept the principle of export quotas.

Mr. Gerald Thorley, chairman of the British Sugar Corporation, pointed out that EEC sugar production quotas, due for renegotiation in July 1980, will be toughly contended. But he was confident that since the Corporation was the lowest cost producer in Europe the U.K. Government would press its "overwhelming competitive and economic case against all comers."

China seeks aid

TOKYO, Dec. 7.

CHINA HAS sought Japanese co-operation in its projects to boost lead and zinc production and install pollution control facilities.

A spokesman for the Mitsubishi Metal Corporation said the Chinese request for aid was made to a mission from Mitsubishi and Nichimen.

Beef export openings in Greece

THERE IS a growing market for beef in Greece and because the country's farmers have not been able to keep output in line with demand, there is also a growing need for imports, according to a review by the Irish Livestock and Meat Board.

The board forecasts that the gap between production and consumption is likely to widen during the next few years.

Imports of fresh and frozen beef over the past six years have risen almost 200 per cent to an estimated 130,000 tonnes this year. Domestic output during 1978 is forecast at 104,000 tonnes compared with 91,000 tonnes in 1973 and 109,000 tonnes in 1977.

Expansion of the beef industry in Greece has been discouraged by a mixture of economic and political difficulties. The government, for example, has imposed a maximum wholesale price on beef as part of its anti-inflation campaign.

Land is costly and often more profitably used for growing cash crops. And the climate does not allow the production of adequate fodder crops.

Special aids for the importation of calves for fattening also help to discourage Greek farmers.

The market for sheep and goats' meat appears to be stagnant. Domestic output, forecast at 119,000 tonnes this year, will be supplemented with an estimated 10,000 tonnes of frozen imports.

Dependence on imports has fallen dramatically since the start of the decade. Imports totalled 64,000 tonnes in 1971, declined fairly rapidly to 45,000 tonnes in 1973 and slumped to only 8,000 tonnes the following season.

There is a small market for some 10,000 tonnes of imported pork each year, but the country appears to be self-sufficient in poultry.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange with forward metal holding in a narrow range throughout the day. The contango showed a tendency to widen. The price opened at £785-£787 and held slightly above that level, encouraged by an opening gain on Comex. It closed on the Kerb at £788. Turnover 33,100 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	762-.5	+6	769.5-70.5	+8.5
3 months	778-.5	+6	787-8	+4.25
Settl'm'nt	772.5	+6	—	
Cathodes				
Cash	758.5-9	+5.5	757-8	+3.5
3 months	776-.5	+6	775.5-6	+4
Settl'm'nt	759	+5.5	—	
U.S. Smt.	—		*72	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £761.5, three months £787, 86.5, 87, 87.5, 88, 88.5. Cathodes cash £759, three months £776. Kerb: Wirebars three months £788.5, 88, 88.5, 89. Afternoon: Wirebars three months £789, 88. Cathodes three months £775.5. Kerb: Wirebars three months £787.5, 88, 88.5, 89. Cathodes cash £758.

TIN—Fell away after a steady start with forward metal at £7,200-£7,230 reflecting the rise in the East overnight. Profit-taking pushed the price back to £7,200 and this level was maintained until hedge and chartist selling entered the market. The close on the Kerb was £7,170. Turnover 1,403 tonnes.

Morning: Standard cash £7,350, three months £7,200, 7,195, 7,200, 10, 7,200. Kerb: Standard three months £7,180, 15. Afternoon: Standard three months £7,215, 20, 25, 20, 15, 10, 7,200, 7,190, 95, 90, 75, 80, 85. Kerb: Standard three months £7,180, 70, 75.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-60	+117	7310-30	—15
3 months	7200-15	+78	7190-205	—5
Settlem't	7360	+120	—	
Standard				
Cash	7350-60	+122	7310-30	—15
3 months	7195-200	+78	7180-5	—10
Settlem't	7360	+120	—	
Straits, E	$1845	+17	—	
New York	—			

LEAD—Higher after forward metal started at £408-£409 and then moved up to £411. The market was quiet but there was quite heavy borrowing of cash to three months on expectations of a stocks decline. After holding between £411 and £414, the price closed on the Kerb at £413. Turnover 8,450 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	438-9	+12	433-4	+2.5
3 months	412-.5	+11	410-.5	+5.5
Sett'ment	439	+12	—	
U.S. Spot	—		*36.36	

Morning: Cash £438, 39, three months £411, 12, 11.5, 12. Kerb: Three months £412.5, 13, 13.5, 14, 14.5, 14. Afternoon: Cash £433, 34; three months £411, 11.5, 12, 11.5, 11, 10.5, 10, 09.5, 10. Kerb: Three months £410.5, 10, 10.5, 11, 11.25, 11.5, 12, 11.5, 11, 10.5, 11.5, 12, 12.5.

ZINC—Moved narrowly in a neglected market. Forward metal traded between £355 and £357 throughout the day and closed on the Kerb at £356. Turnover 6,830 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	345.5-6	+3.25	344.5-5.5	+2.25
3 months	356.5-7	+5.75	355-.5	+1.75
S'ment	346	+3	—	
Prim.west	—		*33.5-4.5	

Morning: Cash £345, 46, three months £355.5, 55, 55.5, 56, 56.5. Kerb: Three months £357. Afternoon: Cash £345.5, three months £356, 56.5, 57, 56, 56.5. Kerb: Three months £355.5, 56, 56.5, 56, 55.5, 56.

ALUMINIUM—Gained ground although the market remained thin. Small buying with sellers reluctant, owing to the possible tightness of nearby metal when the cash contract starts, caused forward metal to advance from £620 to £623.5. The close on the Kerb was £623.5. Turnover 2,850 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot	—		—	
3 months	623-4	+6	625-.5	+6.75

Mornings: early February £621, three months £622, 23. Afternoon: three months £623, 24, 25, 25.5. Kerb: three months £625.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 1.0p an ounce higher in the London bullion market yesterday at 300.35p. U.S. cent equivalents of the fixing levels were: spot 585.7c, up 1.6c; three-month 598.3c, up 2.6c; six-month 609.4c, up 2.6c; and 12-month 634.7c, up 3.5c. The metal opened at 298-299p (581½-582c) and closed at 298.80-299.80p (583-585c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	300.35p	+1	299.3p	+0.7
3 months	308.55p	+1.3	307.55p	+1
6 months	316.95p	+1.4	—	
12 months	332.10p	+1.35	—	

LME—Turnover 243 (96) lots of 10,000 ozs. Morning: Three months 308, 8.2, 8.5, 8.4, 8.3, 8.2, 8.3. Kerbs: Three months 308.4, 8.2, 8.2. Afternoon: Three months 307.7, 7.8, 7.9, 7.8, 7.6. Kerbs: Three months 307.5, 7.3.

COCOA

The market having opened steadier than due, looked to have found some direction but lost any gains at the close, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	2065.0-82.0	+6.0	2084.0-56.0
March	2098.0-99.0	+1.5	2115.0-2081
May	2120.0-21.0	—4.0	2144.0-18.0
July	2117.0-20.0	—3.5	2150.0-18.0
Sept.	2105.0-10.0	—0.25	2120.0-04.5
Dec.	2070.0-74.5	—2.5	2090.5-75.0
March	2060.0-70.0	—12.5	2070.0-60.0

Sales: 3,321 (3,924) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily prices for Dec. 6: 151.27 (152.08). Indicator prices Dec. 7: 15-day average 153.67 (153.99); 22-day average 153.92 (153.62).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1439-1440	+11.0	1439-25
March	1309-1310	+17.5	1310-1288
May	1247-1248	+20.0	1248-24
July	1206-1208	+23.5	1207-1165
September	1173-1177	+22.5	1177-62
November	1145-1150	+19.5	1127-25
January	1125-1135	+25.0	—

Sales: 1,996 (3,381) lots of 5 tonnes.

ICO indicator prices for Dec. 6 (U.S. cents per pound): Colombian Mild Arabicas 173.00 (same); unwashed Arabicas 143.00 (145.00); other Mild Arabicas 132.00 (133.00); Robustas ICA 1976 135.00 (134.30); Robustas ICA 1968 136.00 (135.30). Daily average 133.50 (133.75).

GRAINS

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Jan.	91.70	—0.05	84.10	—0.20
Mar.	94.25	—0.15	86.55	—0.05
May	96.70	—0.10	88.95	+0.05
Sept.	89.25	+0.10	83.40	—
Nov.	92.10	+0.10	86.25	—

Business done—Wheat: Jan. 91.95-91.65, March 94.60-94.20, May 97.05-96.65, Sept. nil, Nov. 92.00-92.00. Sales: 190. Barley: Jan. 84.45-84.05, March 86.75-86.50, May 89.15-88.80, Sept. 83.45-83.40, Nov. nil. Sales: 214.

HGCA—Location ex-farm spot prices. Other milling wheat: N. Lincoln 91.20. Feed barley: N. Lincoln 80.10, Hants and W. Sussex 80.00.

The UK monetary coefficient for the week beginning December 11 will remain unchanged.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent. Dec. 96.50 quoted Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent. Dec. 90.50, Jan. 92.25, Feb. 93.25 transhipment east coast. U.S. Hard Winter, 13½ per cent. Dec. 89, Jan. 89.50, Feb. 89.75 transhipment east coast. EEC unquoted. Maize: U.S. French unquoted. French Dec. 106.25 east coast. S. African White Jan. 67.50. S. African Yellow Jan. 67.50. Barley: English feed fob Dec. 86.50, Jan.-March 87.50 east coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for December 8 in order of current levy plus January, February and March premiums (with previous in brackets). All in units of account per tonne. Common wheat: 78.30, rest nil (78.30, rest nil). Durum wheat: 118.44, rest nil (118.44, rest nil). Rye: 83.14, rest nil (83.14, rest nil). Barley: 86.88, rest nil (86.88, rest nil). Oats: 78.75, rest nil (78.75, rest nil). Maize (other than hybrid for seeding): 77.27, rest nil (77.27, rest nil). Buckwheat: Nil, rest nil (nil, rest nil). Millet: 59.94, rest nil (59.94, rest nil). Grain sorghum: 75.40, rest nil (75.40, rest nil). Flour levies: Wheat or Mixed Wheat and Rye Flour: 120.56 (120.56). Rye Flour: 127.73 (127.73).

WOOL FUTURES

LONDON—The market was dull and featureless, reported Bache.

(Pence per kilo)

Australian Greasy Wool	Yest'rd'ys Close	+ or —	Business Done
December	217.0-24.0	—5.5	—
March	220.0-24.0	—9.5	—
May	225.0-33.0	—8.5	—
July	230.0-40.0	—6.0	—
October	234.0-40.0	—5.5	—
December	236.0-42.0	—4.0	—
March	237.0-44.0	—5.5	—
May	240.0-49.0	—2.5	—

Sales: 9 (nil).

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: Dec. 347.0, 348.2, 354.4-348.0, 34; March 353.0, 354.0, 356.0-353.5, 11; May 356.5, 359.2, 359.7-356.5, 21; July 362.0, 363.0, 362.5-362.0, 9; Oct. 364.0, 365.0, 364.0-365.5, 2; Dec. 366.0, 368.0, nil, nil; March 368.5, 372.0, nil, nil; May 370.0, 375.0, nil, nil. Sales: 101.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): Dec. 178.0, 184.0; March 182.0, 184.0; May 184.0, 186.0; July 187.0, 190.0; Oct. 189.0, 192.0; Dec. 191.0, 197.0; March 194.0, 198.0; May 194.0, 198.0. Sales: 13.

BRADFORD MARKET—The market was largely unchanged with only minor price adjustments reported. This reflected a quiet market while origin wool sales did not create any feature.

RUBBER

QUIET opening on the London physical market. Little interest, closing steady. Lewis and Peat reported the Malaysian godown price was 239 (237) cents a kilo (buyer December).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Jan.	60.60-61.00	60.40-60.45	60.40
Feb.	61.50-61.70	60.95-61.00	—
Jan-Mar	61.70-61.80	60.95-60.90	61.70-61.50
Apr-Jne	64.05-64.70	63.50-65.65	64.15-63.40
Jly-Sept	65.40-65.45	65.70-65.75	65.40-65.00
Oct-Dec	68.65-68.70	67.85-68.20	68.45-68.10
Jan-Mar	70.65-70.80	70.20-70.60	—
Apr-Jne	73.20-73.40	72.50-72.90	73.20
Jly-Sept	75.45-75.60	74.80-75.00	—

Sales: 10 (same) at 5 tonnes, 325 (166) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 60.25p (59.75); Jan. 60.50p (60.50); Feb. 61.50p (61.25).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
December	123.50-25.0	+2.4	122.90-22.70
February	129.10-29.3	+1.7	129.60-28.50
April	128.50-29.4	+1.95	129.60-27.20
June	126.00-26.7	+0.95	126.00-25.60
August	126.03-28.0	+1.25	—
October	127.50-27.5	+1.2	27.00
December	124.00-28.0	+0.75	—

Sales: 142 (63) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) 99.00 (100.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £100.00 (same).

Reports that Portugal had purchased a prompt cargo of Brazilian raws from the secondhand at $160 fobs caused the market to trade down at the opening to 100 points below Kerb levels, reported C. Czarnikow. Thereafter, prices showed little change until the New York market opened and moved sharply upwards. Gains of some £2 were quickly recorded before heavier offerings blunted the advance.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	110.40-10.50	107.50-07.60	111.00-07.75
May	113.45-13.50	110.35-10.40	114.00-10.50
Aug.	117.50-17.55	114.60-14.65	118.00-15.25
Oct.	120.75-20.80	118.00-18.35	120.75-18.00
Dec.	123.40-23.50	121.10-21.20	122.50
March	126.05-28.25	125.35-25.40	128.00
May	131.00-32.25	128.50-29.25	—

Sales: 3,400 (2,196) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.55 (same) a tonne for home trade and £172.00 (£171.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Dec. 6: Daily 7.65 (same); 15-day average 7.80 (same).

WHITE SUGAR—Close (in order buyer, seller, business, sales)—Feb. 106.90, 106.50, 105.75, 26; April 108.75, 108.50, 108.75, 106.50, 63; July 114.30, 114.55, nil, nil; Sept. 119.00, 118.75, nil, nil; Nov. 124.00, 126.00, nil, nil; Feb. 128.50, 131.00, nil, nil; April 132.00, 134.00, nil, nil. Sales 89.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0-56.0. Eire hindquarters 63.0-65.0, forequarters 36.0-38.0.

Veal: English fats 60.0-77.0, Dutch hinds and ends 96.0-99.0.

Lamb: English small 50.0-55.0, medium 50.0-54.0, heavy 42.0-50.0. Scotch medium 50.0-54.0, heavy 42.0-50.0. Imported frozen: N.Z. YLs 46.0-48.0.

Pork: English, under 100 lbs 36.0-46.0, 100-120 lbs 36.5-45.0, 120-160 lbs 35.0-43.0.

Pheasants: Best (per brace) 320-350, medium (each) 100.0-100.0.

MEAT COMMISSION—Average fatstock prices at representative markets on December 7. GB cattle 70.24p per kg. l.w. (+1.09); UK sheep 131.6p per kg. est.d.c.w. (—1.7); GB pigs 63.6p per kg. l.w. (+0.4). England and Wales: Cattle numbers down 4.0 per cent, average price 70.06p (+1.56); Sheep numbers up 1.4 per cent, average price 131.6p (—1.8); Pig numbers up 27.9 per cent, average price 63.6p (+0.4). Scotland: Cattle numbers down 6.5 per cent, average price 70.71p (+0.16); Sheep numbers up 60.0 per cent, average price 117.9p (—8.8).

COVENT GARDEN (Prices in sterling per package except where otherwise stated). Imported Produce: Lemons—Italian 120s new crop 4.50-5.50; Greek: 3.20-5.00; Cyprus: Trays 4.80-5.20; Boxes 80 190s 4.00-5.25; Turkish: 10 kilos 2.40-2.60; Spania: Trays 2.00-2.40. Oranges—Spania: Navel Navelinas 3.60-4.30; S. African: Valencia Late 1.30; Greek: Navels 2.00-2.30. Clementines—Cyprus: 10 kilos 3.30-4.00; Spania: 3.20-4.40; Moroccan: 3.00-4.20. Satsumas—Spania: Trays 2.80-3.30. Grapefruit—Cyprus: 2.20-3.50; Israeli: Jaffa 64-75 3.50-3.70; Cuban: 2.40; Texas: Red Blush 4.50-5.00; Florida: 5.00; Turkish 2.40-2.50. Apples—French: Golden Delicious 20-lb 72 1.50-2.10, 84 1.30-1.60, 40-lb 138 163-175s 3.60-4.00, Jumble pack per pound 0.05-0.07, Granny Smith 20-lb 72 2.35, 84 1.80, large boxes 138-150 163-216s 3.70-4.60, Jumble pack 35/00 31-lb per pound 0.07, Stark Crimson 40-lb 138 163s 4.30-5.30, 20-lb 84s 1.90, 72s 2.20. Grapes—Spanish: Almeria 2.20-2.90, Negri 2.60-3.00; Italian: White Ohanes 3.00, black Ohanes 3.20. Bananas—Jamaican: Per pound 0.14. Avocados—Israeli: 3.30-3.50. Melons—Spanish Green 4.00-4.50; 15 kilo boxes 8 13s 7.50-8.00. Onions—Spanish: 2.00-3.50; Dutch: 1.50. Tomatoes—Spanish: 3.30-4.50; Canary: 3.20-4.00. Cucumbers—Canary: 10/16s 1.60-1.80. Capsicums—French: Per pound 0.30; Canary: 0.30. Dates—Algerian: Per glove box 0.34-0.39; Californian: Tubs 0.36. Lettuce—French: 12s 1.00. Walnuts—Californian: Per pound 0.48-0.50; Chinese: 0.33-0.35. Brazils—Per pound LWM 0.32-0.34. Tocantins 0.42-0.44. Almonds—Spanish: Semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kilos 5.50-7.00; Spanish: 5 kilos 2.80-4.00, 10 kilos 5.00-7.00; French: 10 kilos 4.50; Portuguese: 3.70-4.00. Filberts—Italian: Per pound 0.32. Pecan Nuts—Californian: Per pound 0.65. Potatoes—Italian: 20-lb 2.30-2.50. Mistletoe—French: Crates 3.50 plus VAT.

English Produce: Potatoes—Per 25 kilos 1.40-1.90. Lettuce—Per 12 round 1.00. Mushrooms—Per pound 0.55. Apples—Per pound Bramley 0.04-0.09, Lord Derby 0.04-0.05, Cox's Orange Pippin 0.05-0.14, Worcester Pearmain 0.04-0.06, Russets 0.05-0.08, Spartan 0.06-0.08. Pears—Per pound Conference 0.08-0.13, Comice 0.12-0.16. Cabbages—Per crate 0.90-1.00. Celery—Per head 0.12-0.13. Cauliflowers—Per 12 Kent 3.50-4.50. Beetroot—Per 28-lb 0.90-0.80. Carrots—Per 28-lb 0.60-0.70. Capsicums—Per pound 0.30. Onions—Per bag 1.00-1.40. Swedes—Per 28-lb 0.60-0.70. Turnips—Per 28-lb 0.60-1.00. Parsnips—Per 28-lb 1.10-1.20. Sprouts—Per pound 0.04-0.06. Spring Greens—Per crate, Cornish 1.50-2.00.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 1,189 tonnes, bringing the total for the week so far to 2,357 tonnes. Substantial demand brought increasing interest in many different grades and orders were frequently arranged. Activity centred on North American and Middle Eastern growths, with support in African and Israeli qualities.

*

LONDON SEEDS—Copra, Philippines, dollars per tonne cif N. European ports, Dec.-Jan. 575 resellers. Soyabeans U.S. dollars per tonne cif Tilbury, Jan. 279, Feb. 285 sellers. Linseed, Canadian, sterling per tonne cif UK, first open water 145.50, April-first half May 146.75, June-first half July 149, sellers.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 7 1978	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cis)	$1,170/80	—25	$1,160/20
Copper cash W Bar	£770	+2.5	£763.5
3 months do. do.	£789.5	+4.25	£782.5
Cash Cathode	£757.5	+2.5	£751
3 months do. do.	£775.75	+4	£771.5
Gold Troy oz.	$198.5	—2.25	$218.675
Lead cash	£433.5	—2.5	£428.5
3 months	£410.25	+5.5	£411.75
Nickel			
Free Market (c/lb)	$1.68		$1.75
	1.80		1.88
Platinum troy oz.	£166		£142
Free Market	£168.25	+1.65	£171.75
Quicksilver	$147-152	+2	$125/30
Silver troy oz.	300.35p	+1	298.85p
3 months	308.55p	+1.3	306.15p
Tin cash	£7,320	—15	£7,765
3 months	£7,197.5	—5	£7,585
Tungsten (t)	$142.65		$143.71
Wolfram 22.04 cif	$137/43	—0.5	$143/48
Zinc cash	£355.25	—1.75	£363.5
3 months	£346	—3	£375.5
Producers	$720		$720
Oils			
Coconut (Phil)	$875y	—10	$850
Groundnut			
Linseed Crude	£543x		£555
Palm Malayan	$590x		$605
Seeds			
Copra Philip	$575x	—10	$580
Soyabean (U.S.)	$279x	+1.75	$285.75
Grains			
Barley			
Home Future	£86.55	+0.05	£82.5
Maize			
French No. 3 Am	£108.25	—0.10	‡
Wheat			
No. 1 Red Spring	£96.50	+1.25	£93.5
No. 2 Hard Winter	£89.5x		£89.75
English Milling	†£94		£91.5
Cocoa shipment	£2,147.5	+11.5	£2,110
Future Mar.	£2,087.5	+1.5	£2,064
Coffee Future			
Mar.	£1,309.5	+22.5	£1,451
Cotton 'A' Index	79.95	0.2	79.4
Rubber kilo	60.25p	+0.50	65.5p
Sugar (Raw)	£99	—1	£104
Wooltops 64s (kilo)	274p		272p

* Nominal. † New crop. ‡ Unquoted. u Nov.-Jan. p Dec.-Jan. t Feb. x Jan. w Dec. z Per ton. ‡ Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 7	Dec. 6	Month ago	Year ago
261.82	259.54	266.62	242.16

(Base: July 1, 1952=100)

REUTERS

Dec. 7	Dec. 6	Month ago	Year ago
1515.1	1512.7	1521.1	1440.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 7	Dec. 6	Month ago	Year ago
Spot	390.99	390.18	384.05	351.57
Futures	388.04	386.45	384.20	326.54

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 7	Dec. 6	Month ago	Year ago
Sple Commty	984.5	981.1	971.8	863.8

(December 31, 1931=100)

*

GRIMSBY FISH—Supply poor, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £2.60-£3.20; large haddock £4.40-£5.20, medium £4.00-£5.00, small £2.80; large plaice £4.50-£5.00, medium £4.50-£5.60, best small £3.50-£4.00; large skinned dogfish £6.50, medium £5.00; rockfish £2.00-£2.60; reds £1.50-£2.00; saithe £3.00-3.40.

U.S. Markets

NEW YORK, Dec. 7.

Cocoa—Dec. 178.55 (176.80), March 179.80 (176.70), May 178.20, July 177.10, Sept. 174.00, Dec. 170.40, March nil. Sales: 1,850.

Coffee—"C" Contract: Dec. 136.50-137.25 (137.11), March 127.50-128.03 (127.56), May 124.70, July 122.50-123.00, Sept. 121.75-122.40, Dec. 122.00-122.50, March 118.00-121.50, May nil. Sales: 1,020.

Copper—Dec. 67.00 (66.35), Jan. 67.05 (67.20), Feb. 68.40, March 69.15, May 70.50, July 71.35, Sept. 72.30, Dec. 73.60, Jan. 74.00, March 74.80, May 75.60, July 76.40, Sept. 77.20.

Cotton—No. 2: Dec. 69.85-69.00 (70.42), May 71.55-71.60 (72.13), July 72.25-72.60, Oct. 66.75, Dec. 65.55-65.65, March 66.00, 66.40, May 66.30-66.90. Sales: 4,716.

*Gold—Dec. 199.00 (197.70), Jan. 200.50 (199.20), Feb. 202.20, April 205.80, June 209.40, Aug. 213.10, Oct. 216.80, Dec. 220.50, Feb. 224.20, April 227.90, June 231.60, Aug. 235.40, Oct. 239.20.

†Lard—Chicago loose 21.50 (same). NY prime steam 23.00 traded (23.00).

‡‡Maize—Dec. 224½-224 (225¼), March 236½-236 (235½), May 244½-244, July 249½-249¼, Sept. 250¼, Dec. 253½-253¼.

¶Platinum—Jan. 331.00-332.00 (324.70), April 333.40-334.00 (326.70), July 335.50-336.10, Oct. 338.50-338.70, Jan. 341.00-341.20, April 343.50-343.70, July 346.00-346.20. Sales: 1,453.

*Silver—Dec. 584.40 (581.60), Jan. 587.40 (584.60), Feb. 591.20, March 594.00, May 601.10, July 609.30, Sept. 617.60, Dec. 620.90, Jan. 633.50, March 644.70, May 653.90, July 663.20, Sept. 672.60. Handy and Harman spot 584.40 (583.80).

Soyabeans—Jan. 687½-686½ (678¾), March 700-699 (692¼), May 707-706, July 709-708½, Aug. 702, Sept. 677, Nov. 665, Jan. 672½ nom.

||Soyabean Meal—Dec. 194.00-194.50 (191.00), Jan. 195.00-194.70 (191.50), March 193.50-194.20, May 191.80-191.50, July 191.00-189.50, Aug. 189.20, Sept. 187.50, Oct. 184.00-183.00, Dec. 184.50, Jan. 185.00-185.50.

Soyabean Oil—Dec. 24.90-24.85 (24.65), Jan. 24.55-24.50 (24.62), March 24.75-24.85, May 24.65, July 24.50, Aug. 24.40-24.45, Sept. 24.05, Oct. 23.90, Dec. 23.65-23.70, Jan. 23.55-23.65.

Sugar—No. 11: Jan. 8.15-8.20 (8.33), March 8.70-8.74 (8.71), May 8.97-8.95, July 9.20, Sept. 9.44-9.47, Oct. 9.55, Jan. 9.55-9.60, March 10.10, May unquoted.

Tin—660.00-665.00 nom. (654.00-659.00 nom.). NY spot 660.00-665.00 asked (654.00-659.00).

**Wheat—Dec. 364-364½ (360½), March 350-350½ (357½), May 349-349½, July 332½, Sept. 332, Dec. 343.

WINNIPEG, Dec. 7. Rye—Dec. 96.50 bid (96.00 bid), May 102.20 bid (102.50 asked), July 102.90, Oct. 100.00.

††Oats—Dec. 87.00 bid (86.00 bid), March 81.50 bid (81.70 bid), May 79.70 bid, July 79.30 bid, Oct. 78.60.

††Barley—Dec. 75.50 (76.00 bid), March 77.20 (77.20 asked), May 77.10, July 77.40 bid, Oct. 77.20 bid.

§§Flaxseed—Dec. 274.50 bid (268.50 bid), May 282.60 asked (277.00 bid), July 282.10 asked, Oct. 276.90.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 198.19 (197.77).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounces ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$ per tonne.

Canada boosts grain sales to Poland

OTTAWA, Dec. 6.

Canada has increased by 700,000 tonnes to 3.1m tonnes the amount of wheat, barley and oats available for sale to Poland in 1979 as part of three-year agreement between the two nations, said Otto Lang, Minister responsible for the Canadian Wheat Board.

Reuter

STOCK EXCHANGE REPORT

GEC disappointment reverses new advance in equities when 30-share index looked poised to break 500

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23

* "New time" dealings may take place from 9.30 am two business days earlier.

A promising extension of the recent advance in equities was abruptly reversed yesterday by *first-half profits from* GEC which caused acute disappointment. Before the announcement, leading industrials had enjoyed busier trading conditions than of late with investment interest spreading from the few selected stocks on Wednesday to a much wider range of issues.

A good two-way trade developed in places but the overall trend continued firmer and at 2 pm the FT 30-share index was 4.5 up at 496.3. The possibility of the index breaking through 500 for the first time since October 20 was then very real, but the release of the GEC interim results shortly afterwards changed the complexion of the market.

GEC quickly reacted on the cutting of bull positions which had been built up continuously since before the start of the Account, the share falling from 340p, which represented a rise of 9 on the overnight level, to a close of 332p for a net loss of 8. The ripples of this setback soon reached other equity leaders and dampened down new-time buying inquiries which, until then, had been considerable.

Enthusiasm for electronic issues aroused by the Government's £400m boost to the micro-electronics industry also faded although most stocks still ended higher on the day. The FT 30-share index illustrated the general about-turn in the leaders with a closing loss of 0.3 at 491.5.

Business in Gilt-edged securities was sparse but, after Wednesday's demand for the medium tap Exchequer 12½ per cent 1985 which enabled the Government broker to raise his price, investment funds yesterday switched to the long tap Treasury 12½ per cent 2003/05. The GB satisfied the demand for the £15-paid stock and then withdrew his price of 15½: he was not tested at a higher level but it is assumed that stock would next be supplied at 45½ including the call of £30 due today. The trend otherwise was mixed with medium/longs improving ⅛ and some shorts losing that much.

Little of note occurred in the investment currency market where a small evenly-balanced business was effected at slightly higher rates. At the close the premium was ⅛ up on the day at 83½ per cent. Yesterday's SE conversion factor was 0.7255 (0.7288).

Active trading in GEC, which recorded 251 deals before and after the company's half-year statement, *provided the main* feature in the Traded option market yesterday. Total contracts recorded were 606.

Following Wednesday's highly successful debut, Harris Queensway attracted a healthy balanced trade and touched 177p before settling a penny higher on balance at 173p.

Banks quietly dull

The major clearing banks passed a quiet session and drifted marginally lower. Elsewhere, Hambros found support and gained 8 to 173p, as did Kleinwort Benson which firmed 3 to 95p. Reflecting domestic market influences, Bank of New South Wales improved 10 to 525p and Commercial Bank of Australia 5 to 188p.

Insurances surrendered early modest gains and closed marginally lower throughout. Still awaiting news of the bid approach, Brentnall Beard eased 2 to 42p and the recently-announced disappointing third-quarter figures clipped a like amount from Phoenix at 240p.

Seasonal demand for Distillery counters again attracted most of the interest in a thinly-traded drinks sector. Highland touched a 1978 peak of 170p, before closing 6 up on balance at 168p. *Invergordon added 2 to 164p.* Among Breweries, gains of 7 and 5 respectively were seen in Vaux, 128p, and *Burtonwood*, 173p.

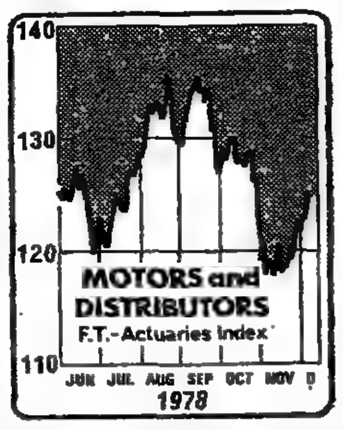
Leading Building descriptions made modest progress, but Burnett and Hallamshire put on 10 to 200p in response to the higher interim profits and the optimistic statement on prospects while, in thin markets, Baggeridge Brick firmed 3 to a high for the year of 36p. Blockleys appreciated 5 to 60p and John Carr (Doncaster) added a couple of pence to a 1978 peak of 53p. In contrast, concern about the situation in Iran prompted profit-taking in Armitage Shanks which eased 3 to 73½p and, ahead of Monday's interim results, May and Hassell shed 4 to 77p.

ICI touched 383p before shading to close just a penny better on balance at 381p. Despite the satisfactory mid-term statement, British Tar Products held at 54p, but recently dull Leigh Interests found renewed support and *improved 5 to 125p.*

Gussies please

Gussies A rose 4 to 314p, after 316p, following the better-than-expected interim results. Burton A also improved, with new-time buying ahead of next Thursday's preliminary results adding 5 to 176p. Mothercare resisted adverse comment and held steady at 150p. Among secondary issues, A. G. Stanley remained firm, rising 4 for a two-day gain of 12 to 176p, while speculative interest left Bambers 5 to the good at 155p. Recently strong on bid hopes, MFI encountered small profit-taking and gave up 3 to 174p. Ahead of today's full-year results K Shoes hardened a penny to 77p.

Half-yearly results well below market estimates caused a marked reaction in GEC which advanced afresh to a new peak for the year of 340p before reacting following the figures on persistent selling to close 8 lower on the day at 332p. Outside the leaders, news of the Government's £400m boost for the microelectronics industry stimulated buying interest in Electronic issues. AB Electronic, 160p, and Farnell, 390p, rose 7 apiece, while Electrocomponents put on 8 to 315p. Racal, also assisted by news of the £20m Middle East contract, improved afresh to 358p before easing back to close only 4 up on balance at 348p.



The Engineering majors traded on a quietly firm note until the last hour or so of official business when an easier trend became apparent. Tubes, 394p, and GKN, 281p, both finished a few pence cheaper on balance, while John Brown ended 2 up at 394p, after 396. Among secondary issues, demand ahead of next Thursday's interim statement left S. W. Wood 4 to the good at 50p. Buying interest revived in B. Elliott, up 4 at 173p, while similar gains were seen in Laird Group, 98p, and Matthew Hall, 224. Castings responded to the increased interim dividend on profits with a rise of 4 to 32p, while others to reflect satisfactory trading statements included Wagon Industrial, 2 firmer at 135p, and Associated Tooling, a penny up at 41p. Wolf Electric Tools were firm at 83p, up 3, while further demand lifted Camford 3 more to 70p.

Selected Foods attracted a good two-way business. Tate and Lyle were quiet active and touched 192p before reverting to the overnight level of 188p. Following the annual results, profit-taking clipped 2 from recently firm British Sugar, 148p.

In Hotels and Caterers, increased investment demand lifted Trust Houses Forte 7 to 258p and Ladbroke 5 to 183p. Brent Walker put on 4 to 53p in response to the good interim results and the chairman's confident statement.

Beecham up again

Interest in the Miscellaneous Industrial leaders was on a better scale than of late. Renewed demand left Beecham up *10 more* at 632p, after 635p. Reckitt and Colman gained 11 to 485p, while Smiths Industries advanced to 228p before settling at 226p for a rise of 4 on balance. Better-than-forecast annual results lifted Hanson Trust 4 to 141p, while Stonehill responded to the good interim figures with a rise of 5 to 125p. The mid-way recovery in profits prompted a gain of 3 to 41p in Wilkins and Mitchell, but news of the sale of its specialist chemical division to ease the company's liquidity problems failed to help Barrow Hepburn which fell 4 to 35p. Marshall's Universal, an old speculative favourite, came into demand and put on 12 to 160p, while bid hopes encouraged fresh support for Dundonian, up 3 more *at 57p.* Ricardo *improved* 8 to 308p in a restricted market. Good interim results left Alexander Russell 5 dearer at 95p, while others to respond to trading statements included James Crean, 2 firmer at 207p, and Cawoods, 3 up at 146p. Sotheby improved 3 to 350p and rises of around 4 were marked against Plastic Constructions, 34p, and J. H. Fenner, 167p. Edward Le Bas closed unaltered at 42p; the price in yesterday's issue was incorrect.

Reports of increased holiday bookings attracted buyers to Saga which gained 5 to 171p and Horizon which firmed 3½ to 117½. Elsewhere, Samuelson Film Service improved 11 to 100p in a thin market following the annual results.

Motor sectors encountered a good two-way trade with more buying interest than of late. In Distributors, Heron added 3 more for a three-day rise of 9 to 121p; the 10 per cent convertible closed 10 points higher at £195. A renewal of speculative interest coupled with small investment buying helped ERF to a 1978 high of 140p, up 10. Lotus put on 2 to 50p after news of an arrangement whereby Lotus would manufacture high performance engines for the Chrysler Sunbeam. Rolls-Royce, however, were a dull market and dropped to 93p, before ending 2 down on the day at 94p on further fears over Iranian contracts. Among components, Wilmot Breeden rose a penny to a 1978 high of 78½p, still reflecting the talks with Rockwell.

News International again featured Newspapers, rising another 6 for a three-day gain of 20 to 278p. Elsewhere, further reflection of the excellent results added a penny to Sir Joseph Causton, 26p. Jefferson Smurfit, 188p, regained 2 of the previous day's fall of 6 which reflected the Irish decision on Euro-currency.

Leading Properties failed to hold earlier higher levels and usually reverted to unchanged, but secondary issues attracted increased demand and, although slightly below the best at the close, displayed useful gains in places. Fresh demand in a thin market lifted Lynton 8 to 128p and Berkeley Hambro made further progress to 152p before settling 4 higher on balance at 150p. Property Security Investment gained 6 to a high for the year of 122p and Chesterfield added 13 to 355p, while Regional A and Percy Bilton put on 3 apiece to 74p and 178p respectively. Property Holding and Investment gained 7 to 317p. Following the interim profits and property revaluation, Churchbury touched 318p before closing 3 up on balance at 315p.

Oils turn dull

Occasional *profit-taking* brought an end to the recent firm trend in the Oil leaders. British Petroleum ran back 8 to 946p and Shell finished a similar amount *down at 587p, but a fresh improvement* in the dollar premium was reflected in Royal Dutch, ½ higher at £41½. Little worthy of note developed in the more speculative issues which were inclined easier.

Despite the cautious statement on current trading, Mitchell Cotts held up reasonably well in *easing only 1½ to 42½p helped by* the increased dividend. Gill and Duffus again attracted modest buying and rose 3 to 150p.

Reflecting the overall improvement in the equity sector, Trusts put on a firm performance. Jersey External put on 4 to 168p and Glenmurray "B" 3 to 73p.

Occasional support was again forthcoming for selected Shippings. Furness improved 3 more to 255p and *P & O Deferred* hardened a shade further to 85½p.

Golds firmer

South African Golds featured mining markets. Rises throughout the list were common and the Gold Mines index gained 3.7 to 131.0, while the ex-premium index advanced 2.2 to 95.0.

The market strengthened on the back of the higher bullion price which closed up $2.25 at $198.625 an ounce, encouraged by the large amount of bids at Wednesday's International Monetary Fund auction. Early buying from Johannesburg and interest from the U.S. after the opening of Wall Street gave prices a fillip, while the investment dollar premium *remained firm.*

Among the leaders, Vaal Reefs closed ½ higher at £11½ and West Dries gained ⅛ to £19½. FS Geduld went ¼ higher to £12½ and Western Deep rose 39 to 714p.

The same factors which pushed *Golds up helped South African* Financials. Values held up after early buying from Johannesburg and De Beers finished 6 higher at 352p. Anglo American hardened 4 to 300p.

London Financials, on the other hand, were confined to one or two pence, tended to drift but losses with Rio Tinto-Zinc at 237p and Consolidated Gold Fields at 178p.

The recent *strong* rise in Irish-Canadians was halted. Although a few buyers remained in the market, Wednesday's momentum *was lost and selling depressed* prices to leave Anglo United 6 off at 184p and Westfield Minerals 1 softer at 394p. *Northgate fell* 13 to 445p.

Tins closed little changed after a quiet day, although Sungei Besi, *at 240p, showed a rise of 10 after* recent news of a high interim dividend. Coppers and Rhodesians were untested, lacking any lead from Johannesburg.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18

For rate indications see end of Share Information Service

Stocks favoured for the call included Cartier Superfoods, Ladbroke and Warrants, Hongkong and Shanghai Banking, Avenue Close, Electronic Machine, Lonhro, Fitch Lovell, Reed International, Gill and Duffus, Mills and Allen, Burmah Oil, Avana, Plessey, UDT, Ward White and British and Commonwealth. Puts were completed in BP and Ladbroke Warrants, while double options arranged included Hongkong and Shanghai Banking, Burmah Oil, Ward White, British and Commonwealth and UDT.

FINANCIAL TIMES STOCK INDICES

	Dec. 7	Dec. 6	Dec. 5	Dec. 4	Dec. 1	Nov. 30	A year ago
Government Secs.	68.99	68.83	68.86	68.72	68.66	68.50	75.18
Fixed Interest	70.31	70.23	70.08	70.01	69.97	69.98	77.82
Industrial	491.5	491.8	488.2	489.9	486.3	481.5	483.2
Gold Mines	131.0	127.3	125.0	124.7	124.8	124.3	145.9
Gold Mines (Ex-$ pm.)	95.0	92.8	94.6	[illegible]	94.0	93.3	106.7
Ord. Div. Yield	5.86	5.85	5.90	5.89	5.92	5.98	5.54
Earnings, Y'ld%(full)	15.59	[illegible]	15.49	15.45	15.53	15.71	16.75
P/E Ratio (net) (*)	8.41	8.42	8.34	8.36	8.31	8.22	8.48
Dealings marked	4,241	4,375	4,328	4,642	3,218	4,234	3,964
Equity turnover £m	—	86.90	70.75	60.62	[illegible]	62.69	75.50
Equity bargains total	—	16,116	16,313	15,106	12,487	13,532	12,452

10 am 492.6. 11 am 493.9. Noon 493.7. 1 pm 493.8. 2 pm 496.3. 3 pm 493.7.

Latest Index 01-236 8026.

*Nil=8.16.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	[illegible] (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (29/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm.)	[illegible] (14/8)	[illegible] (18/4)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Dec. 7	Dec. 6
Daily		
Gilt Edged	146.0	[illegible]
Industrials	145.1	153.5
Speculative	23.4	23.3
Totals	96.5	99.6
5-day Average		
Gilt-Edged	154.2	133.0
Industrials	141.5	142.7
Speculative	24.2	24.3
Totals	94.7	94.7

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (51)

BRITISH FUNDS (1)
Treas. 12½pc '03-05

BEERS (3)
Higland Distilleries, Morland, Invergordon

BUILDINGS (6)
Baggeridge Brick, Brownlee, Carr (J.), Galliford Brindley, Heywood Williams, Roberts Adlard

STORES (4)
Allied Retailers, Dewhirst, Stanley (A. G.), Status Discount

ELECTRICALS (2)
A.B. Electronic, GEC

ENGINEERING (4)
Burgess Products, Elliott (B.), United Wire, Wood (S. W.)

FOODS (3)
Avana, Clifford Dairies, Unigate

HOTELS (2)
Mount Charlotte, Trust Houses Forte

INDUSTRIALS (11)
Caplan Profile, Clarke (Clement), Crean (J.), Davies & Newman, Eleco, Grimshawe, Moss (R.), Russell (A.), Smiths Inds., Stonehill, Unitex

LEISURE (1)
Manch. Agcy. Music

MOTORS (2)
E.R.F., Wilmot-Breeden

PROPERTY (8)
Berkeley Hambro, Brixton Estate, Country N. Town, Estates Prop. Inv., Great Portland, Intereuropean, London & Provl. Shop, Prop. Sec. Inv.

SHOES (1)
Stylo

TEXTILES (1)
Tern-Consulate

MINES (2)
Hampton Areas, Hongkong Tin

NEW LOWS (3)

BANKS (1)
Bk. Leumi Le-Israel

STORES (1)
Grattan Warehouses

MINES (1)
Idris

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	13	50	15
Corpns. Dom. and Foreign Bonds	6	4	53
Industrials	362	172	[illegible]
Financial and Prop.	149	45	[illegible]
Oils	6	6	25
Plantations	1	—	31
Mines	62	16	42
Recent Issues	10	2	16
Totals	[illegible]	295	1,4[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	946	− 8	954	720
Barclays Bank	£1	9	368	− 2	372	296
GEC	25p	9	332	− 8	340	233
Shell Transport	25p	9	587	− 8	602	484
Allied Breweries	25p	8	85	—	94	78
Beecham	25p	8	632	+10	725	561
Tate & Lyle	£1	8	186	—	216	164
BATs Defd.	25p	7	255	− 2	304	227
Distillers	50p	7	204	− 1	215	183
Harris Queensway "New"	20p	7	173	+ 1	177	171
NatWest	£1	7	282	− 6	298	250
P & O Defd.	£1	7	85½	+ ½	118	76½
Plessey	50p	7	112	+ 3	125	87
Prudential Ass.	5p	7	152	− 3	173	135
Racal Elect.	25p	7	348	+ 4	362	196

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	117	2	137	1	153	—	951p
BP	900	71	3	100	—	114	—	"
BP	950	26	12	61	1	83	—	"
Com Union	140	15	20	18	—	23	10	151p
Cons Gold	180	7½	20	16	—	20	—	179p
Courtaulds	130	6½	1	13½	—	16	—	123p
GEC	220	121	1	—	—	—	—	334p
GEC	260	81	4	88	1	—	—	"
GEC	280	62	19	70	10	—	—	"
GEC	300	42	31	53	26	65	1	"
GEC	330	19	47	32	37	45	5	"
GEC	360	6	40	17	24	28	5	"
Grand Met.	100	17½	7	19½	6	24	5	114p
Grand Met.	110	8	67	11½	—	16	—	"
Grand Met.	120	2½	—	6½	—	9½	18	"
ICI	350	61	—	62	7	—	—	382p
ICI	360	32	4	37	10	48	—	"
Land Secs	200	49	5	56	—	—	—	246p
Land Secs	220	30	6	[illegible]	—	41	—	"
Land Secs	240	11	15	22	2	28	—	"
Land Secs	260	2½	20	10	5	17	—	"
Marks & Sp	80	10½	20	13½	—	16	—	88p
Marks & Sp	90	4½	—	7½	4	11	—	"
Shell	600	12½	8	26	5	40	—	588p
Totals			382		144		42	
		February		**May**		**August**		
Boots	220	5	85	11	—	16	—	199p
EMI	140	20	—	25	3	29	—	150p
EMI	160	7½	6	14	2	18	—	"
RTZ	260	7	2	14	—	22	—	237p
Totals			[illegible]		5		—	

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Groups & sub-sections	Thurs., Dec. 7, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed. Dec. 6 Index No.	Tues. Dec. 5 Index No.	Mon. Dec. 4 Index No.	Fri. Dec. 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	239.63	+0.3	16.43	5.26	8.34	240.37	239.96	238.81	236.66	209.76
2	Building Materials (27)	210.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	383.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	555.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	372.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	186.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	164.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)	212.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	266.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	171.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	124.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (171)	213.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	234.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	288.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	272.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	210.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	230.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	377.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	134.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	243.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (24)	182.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	241.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	96.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	200.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	285.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	251.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	135.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	421.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	215.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	223.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	527.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	248.82	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	200.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	216.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	153.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	140.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	127.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	326.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	79.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	265.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	111.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	212.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	103.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	300.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	227.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Dec. 7	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.48	−0.03	—	8.58
2	5-15 years	114.23	+0.16	—	9.21
3	Over 15 years	117.48	+0.14	—	12.59
4	Irredeemables	122.85	+0.76	—	13.54
5	All stocks	110.56	+0.09	—	10.28

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs. Dec. 7	Wed. Dec. 6	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Thurs., Dec. 7 Index No.	Yield %	Wed. Dec. 6	Tues. Dec. 5	Mon. Dec. 4	Fri. Dec. 1	Thurs. Nov. 30	Wed. Nov. 29	Tues. Nov. 28	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.02	13.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.13	13.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	71.44	14.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

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AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	SUS6 91		.....	—

Net asset value Dec. 5.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg.Fd.	£10.19	10.20	+0.03	11.98

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	116.0	120.0	.....	4.16

Next dealing date Dec. 19.

Gov't Secs. Tst.	100	102	.....	12.00

Next dealing date December 11.

East &Intl.Tst.(CI)	96	103	−1	3.64

Next dealing date December 28.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

USS1 Shares	SUS1 48		.....	—

Net asset value November 24.

Bank fo America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	SUS114.73	115.32	.....	7.37

Prices at Nov. 30. Next sub. day Dec. 6.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,906	1,965	−6	7.91

Barclays Unicorn Int. (Ch. Is.) Ltd
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	46.9	49.3	.....	12.20
Unidollar Trust	SUS11.05	11.59	.....	1.70
Unibond Trust	SUS100.30	103.18	.....	8.50

Barclays Unicorn Int. (I.o.Man)
1, Thomas St., Douglas, I.o.M. 0624-4856

Unicorn Aust. Ext.	48.3	52.0	+1.8	1.70
Do. Aust. Min.	30.7	33.1	+1.4	1.80
Do. Grtr. Pacific	65.5	70.5	.....	—
Do. Intl. Income	36.7	39.5	.....	8.70
Do. I. of Man Tst.	45.1	48.5	.....	9.10
Do. Manx Mutual	24.9	26.8	.....	1.50

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *Nov. 6	SUS31.28	33.26	.....	—
ANRHO** Nov. 6	£1.175	1.246	.....	—
OUNT **Nov. 6	£2.692	2.855	.....	1.84

Originally issued at *$10 and **£1.00.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.

N'bashi Dec.1		Y17,858	.....	—

[illegible]

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE

Fonselex	[illegible]			
Bondselex	[illegible]			
Cent Assets Cap	[illegible]			

King & Shaxson Mgrs.
1 Charing Cross, St Helier, Jersey.
Valley Hse., St. Peter Port, Gnsy.
1 Thomas Street, Douglas, I.O.M.

Gilt Fund (Jersey)	[illegible]			
Gilt Trust (I.o.M.)	[illegible]			
Gilt Fnd. Guernsey	[illegible]			

Intl. Govt. Secs. Tst.

First Sterling	[illegible]			
First Intl.	[illegible]			

Kleinwort Benson Limited
20, Fenchurch St., EC3.

Eurinvest. Lux. F.	[illegible]			
Guernsey Inc.	[illegible]			
Do. Accum.	[illegible]			
KB Far East Fd.	[illegible]			
KB Intl. Fund	[illegible]			
KB Japan Fund	[illegible]			
K.B. U.S. Gwth. Fd.	[illegible]			
Signet Bermuda	[illegible]			
Interntl. Bd. Fd	[illegible]			

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey.

Lloyds Tst. O'seas.	[illegible]			

Next dealing date December 15.

Lloyds Trust Gilt	[illegible]			

Initial Offer Closes 13th December

Lloyds Bank International Geneva
P.O. Box 438, 1211

Lloyds Int. Growth	[illegible]			
Lloyds Int. Income	[illegible]			

Management International Ltd.
Bank of Bermuda Building, Bermuda

Canterbury Dec. 1	[illegible]			

M & G Group
Three Quays, Tower Hill EC3R 6BQ.

Atlantic Dec. 5	[illegible]			
Aust. Ex. Dec.6	[illegible]			
Gld.Ex.Acc. Dec 6	[illegible]			
Island	[illegible]			
(Accum Units)	[illegible]			

Samuel Montagu Ldn. Agents
114, Old Broad St., E.C.2.

ApolloFd. Dec. 6	[illegible]			
Japfest Nov. 30	[illegible]			
117 Group Nov. 29	[illegible]			
117 Jersey Nov. 29	[illegible]			

[illegible]

Jardine Estn. Tst.	HK$296.41		.....	2.40
Jardine J'pn.Fd.*	HK$400.90		.....	0.90
Jardine S.E.A.	HK$16.40		.....	2.10
Jardine Flem.Int.	HK$11.63		.....	—
Intl.Pac.Secs.(Inc.)	HK$13.31		.....	—
Do. (Accum.)	HK$13.44		.....	—

NAV Nov. 30. *Equivalent SUS85.32. Next sub. Dec. 15.

Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Nov. 9	SUS9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	SUS14.87		+0.02	—

CORAL INDEX: Close 489-494

INSURANCE BASE RATES

†Property Growth	11¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	....	—	—
41	33	Do. 5pc Pref.	39xd	....	—	—
98	98	Chilean Mixed	98	..	—	f3.10
415	350	German Yng. 4½pc.	411	..	4½	—
54	46	Greek 7pc Ass.	50	....	3½	f7.20
51	46	Do 6pc 28 Stab. Ass	49	..	6	f6.24
44	40	Do 4pc Mixed Ass.	40	.....	4	f5.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 37⅝% (based on US$1.9500 per £)
Conversion factor 0.7255 (0.7569)

CANADIANS

S.E. List Premium 37⅝% (based on $2.2924 per £)

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MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	123	+1	†Q8c	1.4	4.1
131	63	BH South 50c	110	+2	—	—	—
820	150	Central Pacific	425	-5	—	—	—
336	148	Conzinc Riotinto 50c.	278	+2	‡Q10c	2.2	‡
27	9½	Endeavour 20c	17	+1	—	—	—
75	45	G.M. Kalgoorlie $1	52	+4	—	—	—
68	18	Haoma Gold N.L.	34	+1	—	—	—
156	81	Hamptn Areas 5p.	156	+2	♦3.55	2.0	3.4
40	10	Metals Ex. 50c	27	......	—	—	—
223	125	M.I.M. Hldgs. 50c	194	+1	Q9c	1.7	2.9
22	10	*Minefields Expl.*	15	......	—	—	—
40	10	Mount Lyell 25c	32	+2	—	—	—
7	3½	Newmetal 10c	4½	......	—	—	—
143	79	North B. Hill50c	103	+1	Q8c	1.3	4.8
16½	8½	Nth. Kalgurli	11	......	—	—	—
50	12	Nth. West Mining	28	+2	—	—	—
178	115	Oakbridge $A1	124	......	Q12c	1.9	11.2
42	10	††Oilmin N.L.	24	......	—	—	—
70	30	Pacific Copper	60	+5	—	—	—
£15½	725	Pancont'l 25c	800	+25	—	—	—
40	12	*Paringa M&Ex 5p*	18½	......	—	—	—
570	310	Peko-Wallsend 50c.	428	+6	Q15c	♦	2.2
300	50	Southern Pacific	165	......	—	—	—
164	84	Westn. Mining 50c.	127	+5	Q3c	0.7	1.5
100	35	Whim Creek 20c	75	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	315	......	Q300c	0.5	20.5
60	45	Beralt Tin	55	......	‡4.0	4.8	11.4
305	190	Berjuntai $M1	214	+4	Q110c	1.0	11.0
185	111	Geevor	165	......	5.04	5.8	4.6
11	8½	*Gold & Base 12½p*	10	......	—	—	—
350	220	Gopeng Cons.	300	......	†15.36	0.9	7.6
320	130	Hongkong	320	+10	12.5	♦	5.8
93	75	*Idris 10p*	75	-3	‡12.0	1.6	‡
11	7	*Jantar 12½p*	9½	......	—	—	—
84	64	Kamunting $M0.50	64	-1	♦Q12.5c	2.1	4.3
640	450	Killinghall	620	-20	Q128.36	♦	23.7
470	280	Malay Dredging $M1	375xd	......	Q175c	0.7	10.0
78	40	ΔPahang	44	-1	Q0.62c	♦	0.3
78	50	Pengkalen 10p	60	-5	6.60	1.3	16.4
270	165	Petaling $M1	225	......	Q120c	♦	12.1
87	49	Saint Piran	82	-1	2.03	6.5	3.7
70	47	*South Crofty 10p*	63	-1	4.19	2.0	9.9
245	140	South Kinta $M0.50	185	......	sQ145c	0.6	16.8
340	230	Sthn Malayan $M1	295xd	+5	Q190c	1.0	13.8
240	134	Sungei Besi $M1	240	+10	mQ65c	5.3	6.4
85	55	Supreme Corp. $M1	65	-7	ZQ10c	—	3.3
100	84	Tanjong 15p	100	+2	6.60	0.8	9.8
100	74	Tongkah Hrbr. $M1	85	+3	Q5.82%	0.7	9.4
270	148	Tronoh $M1	205	......	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	54	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	52	-2	—	—	—
17	9	Burma Mines 17½p	12	-1	—	—	—
300	180	Cons. Murch. 10c.	180	......	‡Q30c	2.6	‡
465	245	Northgate C$1	445	-15	—	—	—
263	164	R.T.Z.	237	-1	9.5	2.8	6.0
90	30	Sabina Inds. C$1	45	......	—	—	—
£12	687	Tara Expln. $1	£6⅞	-⅛	—	—	—
185	120	Yukon Cons. C$1	140	+4	Q7c	2.9	2.4

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¼	$10⅛	Buffels R1	$10½	+¼	Q170c	1.8	18.7
$11¼	830c	East Drie R1	850c	+20	†Q78c	1.7	10.6
585c	330c	East Rand Prp. R1	370c	......	—	—	—
$28⅝	$16½	F.S. Geduld 50c	$17½	+¼	Q315c	♦	20.7
$15¼	975c	Pres. Brand 50c	$10⅝	+¼	Q150c	♦	16.3
$13⅞	900c	St. Helena R1	$10	+¼	Q190c	♦	22.0
465c	313c	Stilfontein 50c	390c	+20	†Q22c	2.3	4.5
$17⅞	$16¼	Vaal Reefs 50c	$16⅝	+⅝	Q115c	3.3	7.9
$37	$25	West Drie R1	$26	+⅛	Q385c	1.7	15.9
$31¼	$19	West Hldgs. 50c	$20¾	+½	Q415c	♦	23.1
$12½	895c	Western Deep R2	$10⅛	+½	Q82.5c	2.4	9.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —	Stock	Price	+ or —
Albany Inv. 20p	26	......	Sheffield Brick	55	......
Ash Spinning	67xd	......	Sheff. Refrshmt	67xd	......
Bertam	15	......	Sindall (Wm.)	117	......
Bdg'wtr. Est. 50p.	323	......			
Clover Croft	28	......	**IRISH**		
Craig & Rose £1	615	......			
Dyson (R. A.) A	35	......	Conv. 9% '80/82	£90	+¼
Ellis & McHdy	64	......	Alliance Gas	103	......
Evered	25	......	Arnott	352	......
Fife Forge	52	......	Carroll (P. J.)	95	+2
Finlay Pkg. 5p	21	......	Clondalkin	98	......
Graig Ship. £1	140	......	Concrete Prods.	130	......
Higsons Brew	74xd	......	Heiton (Hldgs.)	42	......
Holt (Jos) 25p	252	......	Ins. Corp.	160	......
I.O.M. Stm. £1	187	......	Irish Ropes	105	......
N'thn. Goldsmth	70xd	......	Jacob	52	......
Pearce (C. H.)	190	......	T.M.G.	195	+5
Peel Mills	21	......	Unidare	80	......

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	*Peachey*	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday December 8 1978

Carter adamant on Mid-East deadline

BY DAVID BUCHAN

WASHINGTON, Dec. 7.

PRESIDENT CARTER today bluntly emphasised the importance of his Secretary of State's forthcoming trip to the Middle East by warning Egypt and Israel that their failure to reach a peace agreement by December 17 would be very serious.

The President made clear that the U.S. invests the December 17 deadline, set at Camp David for the conclusion of a peace treaty, with far more importance than President Sadat or Prime Minister Begin evidently do.

Failure to agree on the basic obstacle. . . link between the proposed bilateral treaty and a timetable for Palestinian autonomy on the West Bank and in the Gaza Strip—within the next 10 days would set a precedent "that would have far reaching adverse effects," the President said.

Mr. Cyrus Vance, Secretary of State, will see President Anwar Sadat in Cairo on Sunday and probably go on to Israel to prepare for the trip. Mr. Vance took the unusual step of cancelling his appearance at the NATO Foreign Ministers' meeting in Brussels and sending a deputy.

Mr. Carter, at a breakfast meeting with reporters, also repeated his flat disagreement with Mr. Begin on new Jewish settlements on the West Bank of the Jordan river. The Israeli view is that once the three-month period agreed at Camp David for the negotiation of a treaty with Egypt is passed, they are free to establish new settlements there.

My interpretation of the Camp David agreement . . . is that there is a moratorium on the establishment of new settlements until agreements have been reached on how to establish the autonomous government on the West Bank and Gaza Strip," the President said.

Israel withdraws equipment from Sinai, Page 6
Editorial Comment, Page 22

In a reference to the violent opposition to the Shah of Iran, President Carter expressed doubts for the first time about whether the U.S.'s ally could survive the current turmoil, which is expected to increase during this month's religious observations in Iran.

Asked about the survival of the present regime in Tehran, Mr. Carter said: "I don't know—I hope so." At the same time he *emphasised that the U.S. had no* intention of intervening to help the Shah.

It is presumed here that Mr. Carter's remarks were based on a clearer reading of the situation in Iran than was the case when the troubles first broke out in August.

The deputy heads of the Central Intelligence Agency and its counterpart in the Pentagon, the Defence Intelligence Agncy, have just returned from Iran. Their briefing has presumably reached the President.

Silkin fails to find way out of fisheries deadlock

BY MARGARET VAN HATTEM

BRUSSELS, Dec. 7.

LAST MINUTE talks have failed tosalvage EEC negotiations for a common fisheries policy in time for a settlement before the end of the year.

Mr. John Silkin, the Minister of Agriculture and Fisheries, emerged from almost three hours *of talks here today with Mr.* Finn Olav Gundalach, the EEC Fisheries Commissioner, saying he still hoped talks could resume at Ministerial level early in the New Year.

But he conceded that efforts to bridge the gap between Britain and its EEC partners would have *to be made on the basis of Com*mission proposals rather than on the list of British demands presented at the last fisheries council meeting two weeks ago.

Theose talks broke off because Britain's partners rejected the British paper, saying it violated the basic non-discrimination *principle* of the Treatuy of Rome and took no account of the progress made in intensive bilateral talks during the past few months.

Both Mr. Silkin and Mr. Gundelach appear to believe that many of Britain's demands for preferential fishing rights in its coastal waters can be met if not overtly, without violating the Treaty. But they evidently consider the remaining difficulties too large to be overcme before the end of the year.

Part of the problem may be one of credibility. Mr. Silkin made it clear at hte last council meeting that his demands represented a starting point and that he was prepared to modify them. But he failed to convince the other eight that this time he meant business.

Failure to settle the problem during the West German presidency of the EEC, which expires at the end of this month, must come as a blow to Mr. James *Callaghan, the Prime Minister,* and Herr Helmut Schmidt, the West German Chancellor. During the Anglo-German summit in Bonn last October, both publicly committed themselves to finding a solution before the end of the year.

The fact that negotiations will now continue under a French presidency may rule out the possibility of a settlement before next year's general election in Britain.

Contention

The French have a strong interest in protecting their historic rights to fish in British inshore water, while Britain is currently insisting that most of these should expire after 1982. This major point of contention could delay progress while the French are in the chair and Mr. Silkin can be expected to become increasingly tough as the elections approach.

Christopher Parkes writes: The Ministry of Agriculture has pledged a £1.2m grant to help offset the crisis facing fishing boat owners in Fleetwood, Grimsby and Hull.

The money is to cover half this year's dock and landing charges, which have become an intolerable drain on the fleet's finances.

The cost of running ports, developed for large-scale fishing business, is falling on a rapidly shrinking number of skippers.

In Fleetwood the number of fishing boats using the port has fallen *from 39 at the start of the* year to 19. However, the number of dockers employed has *remained stable at 118. Total* labour servicing the fishing fleet is 183.

Members of the Fleetwood Fishing Vessel Owners' Association visited the Ministry of Agriculture on Tuesday to plead their case for aid.

They had announced in November that*, without funds the* association would be bankrupted this winter and Fleetwood would go out of business as a fishing port.

The association manages all the vital labour, oiling, towage icing and security services of the port. It had asked the Government for a direct payment to cover its losses, estimated at £150,000.

There was some disappointment at the £1.2m award to be shared between three ports and paid out to individual boat owners or companies chartering fishing vessels.

But the Ministry of Agriculture said that since the men getting the grants were members of the associations in trouble, they should be able to arrange their finances

The EEC Commission, which normally takes a dim view of national aids to industry, has been told of the grants. which *now have to be approved by Par*liament

Rules on takeovers tightened by City Panel

BY JAMES BARTHOLOMEW

THE CITY PANEL on Takeovers and Mergers has eliminated one way in which company control can change without a full takeover bid. The tightening-up forms part of a series of amendments to the Takeover Code issued by the panel yesterday along with *its 1977/78 annual report.*

The amendments also include an instruction to directors to say more to their shareholders and to be more guarded with the Press. And guidance is given on how companies should approach the difficult area of profit forecasts in the context of a bid.

The panel has eliminated several ways in which a company can build up a stake of more than 30 per cent without triggering a general offer to shareholders. A company had been able to buy just under 30 per cent of its target and then receive new shares in exchange for assets, taking it beyond 30 *per cent.*

The Panel has normally allowed such a transaction to be "whitewashed" by an independent vote at a shareholders' meeting. Now the Panel will insist on a full bid unless it is satisfied there were no "negotiations or understandings" between the two companies before the *purchase* of shares.

The new rule appears to be a direct result of the issue of Wilkinson Match shares earlier this year to Allegheny Ludlum.

This issue took Allegheny's stake over 30 per cent without triggering a bid soon after Allegheny bought a major stake in Wilkinson Match. The deal *received* much criticism at the time despite the fact that shareholders approved the transaction in a general meeting.

The Panel was divided on whether the rules should be changed on this point. In the end, those in favour of a change, headed by Lord Shawcross, the chairman, prevailed.

Among the other points, directors and officials are warned that they must "take care when talking to the media that they do not inadvertently let slip information, for example, concerning the content of profit forecasts or asset revaluations." And advisers are told that they should warn clients about this when a bid arises.

Directors are encouraged to give more information to shareholders. Bidders will now have to give information about themselves and the companies they are taking over in more cases than previously.

In its annual report the panel refers to the recent flurry of missed profit forecasts by companies and says it does not try to conduct a "witch hunt" in these cases.

It does not want to discourage the making of forecasts, and if they are missed, "the Panel will be endeavouring to put itself in *the position in which the direc*tors were when the forecast was made."

The Panel would not necessarily criticise optimism "if the area of particular uncertainty or sensitivity was adequately highlighted in the form of an appropriately framed assumption."

The panel is pleased with the effect of encouragement of early bid announcements and share suspensions given in April 1977. There were only 11 cases during 1977/78 when preliminary announcements did not subsequently lead to a firm bid it says.

Examination of those cases has led it to believe that in few, if any, of them could the announcement be considered misleading.

As many as 70 announcements were accompanied by a temporary halt to dealings. That showed that companies "are now feeling greater confidence in using this mechanism," says the panel.

Continued from Page 1

Summit

they are normally excluded.

The third is that important development in Europe, such as the creation of the European Monetary System, require full consultations with the U.S. on the relationship of the dollar to the system.

One of the big drawbacks of organising such a restricted summit, however, is that it causes irritation in countries which have been left out and which fear that a hegemony of the big powers is being established.

Although it was believed that Japan, while not invited, had been nlformed of the decision to hold the summit, it was not clear to what extent other nations had ben either consulted or advised that it was taking place.

Richard Evans writes: It was emphasised in Whitehall that the meeting had been in prospect for some time, and was not a direct result of the Brussels summit.

Mr. Callaghan will be accompanied by Sir John Hunt, Secretary to the Cabinet.

The Prime Minister, announcing details of the invitation to MPs, said the meeting was to discuss matters of common political concern.

"Discussions will be on an intimate basis that will enable us to exchange views with each other."

Continued from Page 1

NEB

"lame ducks" such as BL, formerly British Leyland, and Alfred Herbert would have easy access to large sums of money.

There is likely to be a big Parliamentary row over the increases and the Bill will be fought through its stages by the Conservative Opposition. Although the Conservatives' policy for the future of the board is far from clear cut, it would not want it to continue all its current entrepreneurial activities.

However, inclusion of the Scottish and Welsh Agencies, and the provisions due today for Northern Ireland, seem to guarantee that the Bill will obtain sufficient support from other minority parties for its to become law early next year,

Main yards safe from British Shipbuilders cuts

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is to produce a series of plans to identify which of its yards should be closed in the next two years, but has ruled out the complete closure of any of its main companies.

At the same time, the corporation's profitable warship building yards have been told that Government restrictions on British Shipbuilders' overdraft and yearly losses will mean holding back a £171m five-year capital spending programme.

These are two of the main points to emerge in the latest draft of British Shipbuilders' corporate plan, the final version of which is to be presented to the Government and the European Commission by the end of this month.

The draft hints strongly that a number of less-productive merchant shipyards with out-of-date machinery will be closed by 1981, but does not give details.

On the ship repair side, however, there are strong suggestions of a complete withdrawal from repair work at Falmouth Shiprepairers, which employs about 1,000 men, and of dropping more than half of the workforce at River Thames Shiprepairers.

Objective

Another option raised in the plan *is the complete closure,* with the loss of 1,000 jobs, of Doxford Engines, Sunderland, which is the only manufacturer of British-designed slow-speed marine engines.

The general objective on merchant shipbuilding, as disclosed to a trade union conference last *month*, is to reduce capacity by 35 per cent, to 430m compensated gross registered tons a year in 1980-81, with a 35 per cent reduction in employment with the loss of 12,300 jobs.

But the latest draft makes it clear that this would not necessarily mean 12,300 redundacies. There is scope, the plan says, to redeploy 6,000 men into warship work and into British Shipbuilders' growing offshore oil sector.

Between 1981 and 1983—the end of the planning period—the plan envisages merchant shipbuilding output increasing to 480m cgrt with no increase in the labour force.

Trade union leaders, who were given copies of the draft earlier this week, will meet Mr. Eric Varley, the *Industry Secretary,* on Wednesday. They will reiterate their case that financial incentives for voluntary redundancy are inadequate, and that only men approaching retirement should be expected to leave the industry.

The series of action plans for each group of companies or profit centres, will take in research on productivity and yard facilities, *but the plan says* that British Shipbuilders will try to meet the wishes of local management in selecting yards for closure.

The plan acknowledges the need for heavy investment in the warship yards, but says that a recently imposed overdraft limit, and a £45m ceiling on losses this year, mean that only items needed to keep existing business, will be sanctioned in the next one to two years.

British Shipbuilders recently reported losses of £100m for its first nine months trading to last April.

Details, Page 9

Inmos favours site in Bristol

BY JOHN LLOYD

INMOS, the £50m company set up by the National Enterprise Board to mass-produce microcircuits, has already proclaimed its independence. Before receiving authorisation from the Government and the NEB, it has n effect announced research is to be concentrated at Bristol.

A quarter page advertisement in north-eastern editions of The Guardian, yesterday invited applications from computer engineers, software designers, and scientists with experience in metal oxide silicone (MOS) technology.

Lobbying

The advertisement said the technology research centre, in which the successful applicants *would work, would be in Bristol.* Applications were to be addressed to Professor Iann Barron, the managing director of the company's UK operations in Bristol.

The advertisement has caused consternation at Tyne and Wear County Council. Last month it *launched a campaign* to attract Inmos to Newcastle, where a new project to train micro-electronic engineers is being set up.

The council has alerted the north-eastern group of MPs to ask Mr. Eric Varley, the Industry Secretary, to clarify the position on the siting of the technology centre.

The NEB, surprised by the advertisement, is understood to have made sure no further advertisements appear, until an official announcement is made.

The board issued a statement last night designed to ease fears of county councils lobbying to attract the company's production plants.

It said PA Management Consultants had been retained to study the best location for production sites, "with the firm intention of locating them in an assisted area. It will also study where the official headquarters of Inmos should be located."

Regional authorities would be asked to complete a question*naire, and an announcement of* the location of the first of the four production sites would be made in the spring.

It stressed the technology centre would employ only around 50 people, and would have a capital expenditure of less than 5 per cent of the total UK expenditure on the project, about £2.5m.

"The Inmos board has recommended that its centre should be located in Bristol, but no final decision has yet been taken."

Lloyd's issues report on Savonita dispute

BY JOHN MOORE

LLOYD'S of London yesterday issued a 22-page report on the controversial Savonita claims dispute to the Press.

But before issuing the report Lloyd's took the unusual step of insisting that any publisher accepting a copy from Lloyd's had to sign an indemnity which released Lloyd's from any legal liability following re-publication of the report in part or in whole.

The report discusses the roles of two Lloyd's insurance brokers, Willis Faber and Dumas, and Pearson Webb and Springbett in the settlement of reinsurance claims on damage to 301 Fiat cars on board the cargo ship Savonita.

The inquiry has been in progress since Mr. Jonathan Aitken, Conservative MP for Thanet E, brought the matter to the attention of the Commons in March.

Mr. Aitken had been severely critical of the Committee of Lloyd's for not intervening in the matter. He said the claims could have been fraudulent.

The claims arose from fire and *damage to Fiat cars on board the* Savonita. These cars were insured by SIAT, then the Fiat-controlled marine insurance company, and reinsured on the London insurance market.

But Pearson Webb Springbett, the insurance brokers handling the SIAT claim against the British insurance market, decided not to press the claim after an investigation by the loss-adjusting firm Graham Miller.

The Pearson group was dismissed by SIAT and replaced by a larger firm of Lloyd's brokers, Willis Faber and Dumas. The underwriters eventually made a payment representing 96 per cent of the claim.

In making the report available to the Press the Committee of Lloyd's required any publisher accepting a copy from Lloyd's to agree that:

1. "Having regard to the privileged nature of the report neither the Board of Inquiry nor the Committee of Lloyd's in responsibility for the accuracy or otherwise of the report.
2. No authority to reproduce the report in whole or in part is expressly or impliedly given by reason of the release of a copy of the report to us.
3. In the event that the report is republished in whole or in part by us or at our request we will *indemnify the Board and* the Committee of Lloyds in respect of all legal liabilities, claims, interest and costs which shall be incurred or become due as a result as of such republication."

Because of this condition the Financial Times has decided not to publish details of the report.

Lakes tourism income up £15m

INCOME FROM tourism in Cumbria increased by £15m last year.

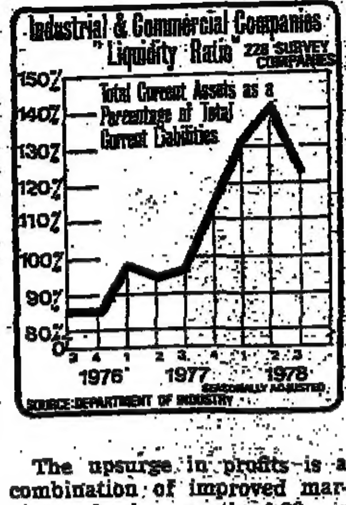
The amount spent by British tourists to Cumbria in 1977 rose *from £60m to £70m* and that spent by tourists from overseas from £10m to £15m.

The number of visitors remained constant: British visitors stayed 12m nights and overseas visitors 1m nights.

THE LEX COLUMN

Middle-age spread at the Panel

Index fell 0.3 to 491.5



The Takeover Panel is 10 years old—and is showing just the first hint of middle aged spread. The fact that its annual report, published yesterday, is two-fifths longer than last year's version may only be a superficial sign of incipient bureaucracy. But there are other rather more worrying *suggestions that* the Panel is beginning to introduce rules for the sake of neatness rather than because they are needed—and that it is also developing what might be described as a nanny complex.

For instance, there is a highly complicated new guideline designed to attack what seems to be a largely theoretical abuse relating to so-called "shut off notices." The greatest strength of the Takeover Code is that it depends on the observation of the spirit rather than the precise wording of the rules. *The first line of the first* principle in the Code says that it is impossible to devise regulations to cover all eventualities.

The biggest complaint, however, is about the Panel's reaction to the Wilkinson Match affair. From now on it will no longer give automatic dispensation to someone who establishes a shareholding in a company and then takes it above the key 30 per cent mark by selling the company something in return for its shares—even if such a deal is approved by independent shareholders at a general meet*ing. This is dangerous ground.* The Panel seems to be saying that there are circumstances in which it knows better than shareholders what is good for them.

Of course it is easy to exaggerate all this. However the Panel certainly is facing new pressures. Institutions are increasingly urging the Panel to act as a referee in areas where it really has no part to play. And its rules are now framed by the Council for the Securities Industry, a much bigger, more political organisation than anything it has had to cope with in the past. Maybe it is time just to pause and take stock.

GUS

Great Universal Stores' profit growth has accelerated smartly *in the first half of its financial* year. Whereas over the past three and a-half years GUS's profits have been rising by between 10 and 15 per cent, in the latest half-year pre-tax profits are up by 25 per cent to £66.5m, and for the full year they should top £150m, against £128m last year.

The upsurge in profits is a combination of improved mar*gins and sales growth of 20 per* cent. GUS continues to benefit from its heavy bias towards the mail order business (roughly half of sales) which is growing roughly half as fast again as the retail trade generally. Meanwhile, the investment in the giant Martland distribution centre should start boosting profits from next year.

GUS's traditional retailing businesses (both the household and multiple stores) have also been enjoying the benefit of the current consumer boom with the furniture and ladies fashions operations doing particularly well. Finally, GUS's overseas operations, which account for 18 per cent of profits and marked time last year, also seem to have been making a bigger contribution. Unlike many other UK retailers, GUS's overseas operations have been remarkably successful, and this provides a welcome cushion during periods when the UK economy is in the doldrums. At 314p the "A" shares yield just over 4 per cent.

GEC

The underlying growth rate in operating profits at GEC slowed to about 15 per cent in the first six months, which apparently the company regards as being pretty satisfactory in *view of the way growth in* 1977-78 was bunched in the first half. Investment income, however, has gone into reverse, and gilt-edged writedowns may help explain why GEC was only earning an annualised rate of return of some 6 per cent on what must have been an average of around £600m of net liquid balances. So a disappointing *overall* pre-tax gain of just 12½ per cent to £162.9m left the shares tumbling from 349p to 332p by the close, down 8p on the day, taking the FT 30-Share Index with them.

Several areas of GEC's operations have found the going quite *hard: the* heavy end of the switchgear and transformer business, for example, while prices for diesels have come under presure. It looks as though the engineering and industrial divisions, contributing some 35 per cent of group profits between them, have made no progress over the past year. However, the electronics and telecommunications side has accelerated, pushing up sales by 28 per cent and more than maintaining its margins. And the consumer products division has at least seen a recovery, with *furniture* and cookers doing well, while losses in colour TV were reduced in the first half and this operation has been turned round into profits since September. Overseas earnings, meantime, have been on the weak side.

Like Plessey and other electrical groups, GEC reports a big rise in orders, especially for expects. But even if operating profits grow at no more than a maintained 15 per cent in the second half, the effect of higher investment income should be enough to swell the full year's profits to around £390m pre-tax, up a fifth. So the prospective fully taxed p/e could be a little under 10, and there are enough developments in the pipeline—like acquisitions, or the impact of compensation money — to keep interest up.

Company liquidity

Yesterday's Department of Industry figures show an unexpectedly sharp third quarter fall in company liquidity; the liquidity ratio of the 228 firms in the survey fell to 123 per cent from 141 per cent. Capital spending and stock-building continued at a moderately high level during the three months but were not buoyant enough, on the face of it, to explain this abrupt decline. One explanation could be a squeeze on profits, or perhaps the banking corset induced a shift in company working capital patterns. In any event a ratio of 123 per cent is still above the peak level reached in 1973 and represents a pretty comfortable balance sheet position.

Weather

UK TODAY

SHOWERS and some sunny intervals.

London, S.E., Cent. S., and N.W. England, Channel Islands, Midlands, Lakes, Cent. Scotland, Argyll

Rain and hill fog, becoming showery later. Max. 9C (48F).

E. and N.E. England, E. Anglia, S. Scotland

Occasional rain and hill fog. Max. 7C (45F).

S.W. England, Wales, Isle of Man, N. Ireland

Showers and some bright intervals. Max. 9C (48F).

E. Scotland, Highlands, Scottish Isles.

Bright at first, with rain later. Max. 6C (43F).

Outlook: Mild and dry in the East, with rain in the West.

From the London Weather Centre.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	S	−2	28	Madrid	R	10	50
Athens	C	8	46	Manchstr.	F	3	37
Bahrain	S	26	79	Melbourne	C	15	59
Barcelona	F	15	59	Mexico C.	S	22	72
Beirut	S	21	70	Milan	S	−1	30
Belfast	R	5	41	Montreal	C	5	41
Belgrade	C	−3	27	Moscow	Sn	−6	21
Berlin	S	−6	21	Munich	C	−9	16
Brmghm.	C	1	34	Newcastle	C	5	41
Bristol	C	8	46	New Delhi	S	20	68
Brussels	S	[illegible]	[illegible]	New York	C	11	52
Budapest	S	−4	25	Oslo	S	−10	14
B. Aires	S	28	82	Paris	F	5	41
Cairo	S	22	72	Perth	S	33	91
Cardiff	C	9	48	Prague	S	−8	18
Chicago	R	0	32	Reykjavik	C	7	45
Cologne	S	−2	28	Rio de J'o	S	29	84
Dublin	R	8	46	Rome	C	9	48
Edinburgh	C	6	43	Singapore	S	29	84
Frankfurt	S	−5	23	Stockholm	Sn	−4	25
Geneva	C	−1	30	Strasbrg.	C	−6	21
Glasgow	C	6	43	Sydney	S	22	72
Helsinki	F	−5	23	Tehran	R	0	32
H. Kong	S	21	70	Tel Aviv	S	20	68
Jo'burg	S	25	77	Tokyo	C	10	50
Lisbon	R	17	63	Toronto	C	5	41
London	C	6	43	Vienna	S	−4	25
Luxemb'g	S	−3	27	Zurich	C	−4	25

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	Jersey	C	9	48
Biarritz	R	15	59	Las Plms.	F	22	72
Blackpool	C	3	37	Locarno	C	−1	30
Bordeaux	F	11	52	Majorca	C	15	59
Boulogne	F	3	37	Malaga	C	15	59
Casablnca.	C	19	66	Malta	F	16	61
Cape Town	S	24	75	Nairobi	S	23	73
Corfu	F	11	52	Naples	S	9	48
Dubrovnik	C	−3	27	Nice	S	10	50
Faro	C	18	64	Nicosia	R	16	61
Florence	S	6	43	Oporto	R	16	61
Funchal	R	19	66	Rhodes	C	14	57
Gibraltar	C	18	64	Salzburg	S	−7	19
Guernsey	C	9	48	Tangier	C	19	66
Innsbruck	S	−5	23	Tunis	F	14	57
Inverness	C	7	45	Valencia	R	15	59
Isle of Man	C	4	39	Venice	S	−1	30
Istanbul	R	5	41				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow.

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